# *The* COMMERCIAL *and* FINANCIAL CHRONICLE

*ESTABLISHED 1839* *Reg. U. S. Pat. Office*

Volume 192 Number 6004 New York 7, N. Y., Thursday, November 17, 1960 Price 50 Cents a Copy

## *Editorial* AS WE SEE IT

There has been a great deal of talk about a "mandate" that allegedly was given President-elect Kennedy in the voting last week. Mr. Kennedy himself told the press last week that "I went to the country with a very clear view of what the United States ought to do in the Sixties. I have been elected and therefore I'm going to do my best to implement those views and meet my responsibilities. . . . But I did not run for the Presidency without realizing that there were great problems facing the United States in the Sixties, and I am going to do my best as President to see that the United States moves ahead in the Nineteen Sixties. That is why I have been elected, I believe." This is obviously a cautious statement revealing little of a specific nature as to what the newly elected President really expects to do.

But much more than this has been coming from persons around the President-elect, some of whom apparently have a "passion for anonymity," while others were speaking with not altogether clear authority. According to some of these, the President-elect feels that he has received a mandate to proceed with a long list of radical measures and that "the first 100 days" of his Presidency will be all important in the process. Such spokesmen, or would-be spokesmen, for Mr. Kennedy, seem to make little or no distinction between what the President-elect said in the various outgivings during the campaign and what was included in the formal platform of his party—to which, incidentally, the candidate pointed as containing his "program" or words to that effect.

### What "They" Say

In point of fact, statements that the Kennedy Administration could be counted on to push with great vigor programs that, according to Republican estimates, would cost the country some $15 billion annually, have been heard from time to time—with what authority no one knows, or at least we do not know. These would, of course, include an extremely costly farm program—as would the Republican program *(Continued on page 30)*

# Fundamental Causes and Cures in Our Balance of Payments Problem

*By G. C. Wiegand, Professor of Economics, Southern Illinois University, Carbondale, Ill.*

**Persistently lasting longer than most realize, our balance of payments has been deteriorating since 1950. Dr. Wiegand traces this and points out neither political party in the interim nor their recent candidates have yet to face the causes and the necessary cures. Our inability to translate technological advances into lower prices and to end an asocial policy against gold redeemability are held responsible for our payments problem—not foreign military and economic aid or private capital outflow. The author favors our return to the philosophy of "Fordism" so we may really get down to improving our export position.**

As the Democratic platform prophetically stated, "the Democratic President who takes office next January will face unprecedented challenges." One of the most difficult and serious is the future of the dollar. When Secretary Anderson in a television program declared that "the United States dollar is the soundest currency in all the world," and Senator Kennedy argued that "in 1953, the incoming Administration inherited a balance of payments which was the strongest in the world," both speakers indulged in campaign oratory. The fact is that the balance of payments deficit began in 1950, and the causes for the present weakness of the dollar date back much further.

G. C. Wiegand

When the price of gold suddenly jumped to $41 an ounce in the London market on Oct. 20 (compared with the official price of $35.0875 at which the U. S. Treasury sells gold "for the settlement of international balances and for other legitimate purposes"), neither the United States nor the Free World faced a "crisis." The sudden price advance was not the result of "panic" buying, but of a freakish market situation which adjusted itself, more or less, within a few days. And yet it was a storm warning, far more dramatic and emphatic than the steadily increasing American gold losses.

In one of his campaign speeches, Vice-President Nixon warned that the inflationary promises of the Democratic platform "are practically inviting foreign banks and investors to pull out the billions of dollars that they now hold here on deposit or in short-term paper. If such a sequence of events should ever develop as a result of cheap dogmatists coming to high public office, a totally stupid and unnecessary gold crisis would be brought on which could have disastrous consequences." The Vice-President might also have mentioned that the reputation of Senator Kennedy's economic advisors, who, almost without exception, have favored in the past a "mild, steady inflation," are not inspiring confidence abroad. The world is thus waiting to see, whether the new President will disassociate himself from the inflationary campaign promises.

But this alone will not restore the dollar to a sound basis. Even if the new Administration were just to continue the policies of the past 10-12 years, the outlook for the dollar would be far from reassuring. To restore the dollar to the position it enjoyed a decade ago, will require drastic changes in America's domestic and foreign policies, and only an informed public opinion will accept these changes. Yet the public has been kept in the dark. Both candidates, throughout the campaign, have failed to face up to the issues. The dollar has been weak for at least two years, and the world is aware of it—from the financial experts to the bellboys in international hotels. Only the American people apparently fail to recognize the danger. Since President Roosevelt, in 1933, abandoned the gold standard in direct viola- *(Continued on page 30)*

**PICTURES IN THIS ISSUE — Candid photos taken at the 33rd Annual Dinner of the MONTREAL BOND TRADERS ASSOCIATION appear in the Pictorial Section.**



# The Security I Like Best . . .

**A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.**

HERBERT L. SEEGER

*Bacon, Stevenson & Co.*

*Members: New York Stock Exchange, American Stock Exchange, New York City*

**Rhodesian Selection Trust, Limited (NYSE for ADR's)**

Originally formed by the Selection Trust Company of London in the middle 1920's, control passed to American Metal Company, Ltd. (now American Metal Climax, Inc.) in 1930 through an exchange of American Metal shares for Selection Trust holdings of Rhodesian Selection Trust. American Metal Climax today owns 50.6% of approximately 45 million shares outstanding.

Herbert L. Seeger

Rhodesian Selection Trust was originally domiciled in the United Kingdom but is now registered in Northern Rhodesia, a British Protectorate, which is part of the Federation of Rhodesia & Nyasaland.

R.S.T. actually is a holding company controlling 63.98% of Mufulira Copper Mines Ltd. and 64.29% of Chibuluma Mines, Ltd. Mufulira is one of the world's largest copper mines with ore reserves of 177 million tons, averaging 3.31% copper. In 27 years, to June 30, 1960, Mufulira has produced over two million short tons of copper with current production rate about 115,000 short tons per annum. By 1962 a 50% increase in production is scheduled, which should make Mufulira the second largest underground copper mine in the world. Chibuluma began operations in 1956 and has produced, to June 30, 1960, 97,000 short tons of copper. In the latest year (June 30, 1960) 24,700 short tons were produced. Ore reserves total eight million tons of 5.04% copper and 0.22% cobalt. Not included are probable reserves of two million tons of 4.74% copper and negligible cobalt. Development of this additional tonnage would add 4,500 tons of copper annually. A £5 million strategic materials loan from the U. S. Government is repayable by deliveries of metal. This loan has already been reduced to £1.9 million. As of June 30, 1960 another £1.0 million was earmarked for loan payment. Dividends might begin in the 1961-1962 fiscal year for Chibuluma's earnings should have been sufficient to extinguish the entire debt.

R.S.T. has, in addition, a 64.29% interest each in Baluba Mines, Ltd. and Chambishi Mines, Ltd. Both companies own substantial undeveloped ore bodies. Baluba ore reserves are 112 million tons of 2.41% copper and 0.16% cobalt, making it perhaps the world's largest undeveloped source of cobalt. Chambishi's ore reserves are 35 million tons of 3.37% copper.

R.S.T., furthermore, has varying interests in six prospecting companies with exclusive prospecting rights over nearly 100,000 square miles of Northern Rhodesia and Bechuanaland, with active prospecting underway in these areas, details of which are omitted for lack of space. All operating properties lie in what is generally called the Copperbelt of Northern Rhodesia, where much of the electric power is now supplied by the Kariba hydro-electric scheme.

Dividends are disbursed twice a year and are paid in the U. S. "net" after a total income tax of 37½%, at present, (31¼% Federal Rhodesian Income Tax and 6¼% income tax surcharge levied by the Government of Northern Rhodesia). United States stockholders can obtain credit for these taxes against United States income taxes.

During 28 years of operations, up to June 30, 1959, the operating companies of the Rhodesian Selection Trust Group, including Mufulira and Chibuluma and another big operating mine, Roan Antelope, which, however, is not controlled by Rhodesian Selection Trust Limited but whose largest stockholder is American Metal Climax, Inc. through ownership of 32.65%, have had a gross operating profit of £234 million. After taxes of £88.7 million, Group earnings amounted to £145.3 million before providing £35 million for replacements and obsolescence. (These charges take the place of depreciation and depletion.) Stockholders of the Group have received £75.2 million in cash in net dividends, representing 51.8% of earnings, and the resulting balance of £70.1 million of earnings has been retained in the business for replacement expenditures and other purposes.

Since R.S.T. is a holding company and money for capital expenditures is provided by the operating companies, R.S.T. passes on to its shareholders nearly all dividends received by it from the operating companies, after providing for its own administration charges and general reserves.

The American Depositary Receipts are traded here on the New York Stock Exchange where they were listed July 11, 1955 and enjoy an active market. The underlying shares are traded on the London, Paris, the Federation, Johannesburg and Brussels Stock Exchanges.

It is rather rare to find a security selling between $1 and and $2 per share which offers participation in a sound and profitable enterprise. Had it not been for the two 100% stock dividends (i. e., stock splits), the shares would currently be trading around $6. The British prefer to keep share prices low to encourage their popularity. With dividends in 1960 totalling 13¢ per share net, Rhodesian Selection Trust, currently trading between 1¼ and 1½, offers the generous yield of about 10%. For those willing to assume the political risk involved in an investment in Africa, few will deny that speculative possibilities are inherent in this situation.

NOTE: This analysis has been especially prepared for the *Chronicle* and is intended only for the politically inclined speculative investor who can assume a calculated risk. I know of one Canadian Fund which owns 100,000 shares. An interest in this company can also be had through the purchase of American Metal Climax shares, which owns 1.6 shares of R.S.T. for each of its own shares outstanding. Current yield of American Metal, however, is one-half that of R.S.T.

**Vital Statistics — Rhodesian Selection Trust, Limited**

(Based on £ equal to $2.80)

| | Consol. Earns. Per Share Fiscal Years End. June 30 | | Dividends Per Share Calendar Years | | Price Ranges —Calendar Years‡— | | | | Times Earnings —Ratios— | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | —Adjusted¶— | | —Actual— | | | |
| | Adj.¶ | Actual | Adj.¶ | Actual | High | Low | High | Low | High | Low |
| 1960 | †$0.29 | †$0.29 | $0.13 | §$0.13 | $2.25 | $1.25 | $2.25 | $1.25 | 9.0 | 5.0 |
| 1959 | 0.19 | 0.13 | 0.09 | 0.09 | 2.75 | 1.875 | 2.75 | 1.875 | 14.4 | 9.8 |
| 1958 | 0.15 | 0.15 | 0.05 | 0.05 | 3.00 | 1.875 | 3.00 | 1.875 | 20.0 | 12.5 |
| 1957 | 0.29 | 0.29 | *0.17 | *0.17 | 3.125 | 1.75 | 3.125 | 1.75 | 10.8 | 6.0 |
| 1956 | 0.37 | 0.75 | 0.26 | 0.53 | 4.187 | 2.68 | 8.375 | 5.375 | 11.3 | 7.3 |
| 1955 | 0.25 | 0.51 | 0.21 | 0.40 | 4.187 | 2.93 | 8.375 | 5.875 | 16.7 | 11.7 |
| 1954** | 0.21 | 0.41 | 0.15 | 0.30 | 1.59 | 0.90 | 3.40 | 1.90 | 7.6 | 4.6 |
| 1953 | 0.24 | 0.47 | 0.12 | 0.24 | 1.00 | 0.61 | 2.15 | 1.30 | 4.1 | 2.5 |
| 1952 | 0.13 | 0.25 | 0.07 | 0.16 | 1.25 | 0.84 | 2.65 | 1.80 | 9.6 | 6.8 |
| 1951 | 0.12 | 0.47 | *0.05 | *0.18 | 1.13 | 0.79 | 4.80 | 3.375 | 9.4 | 6.6 |
| 1950 | 0.07 | 0.27 | 0.05 | 0.19 | 0.90 | 0.56 | 3.80 | 2.40 | 13.0 | 8.0 |

*Plus 100% stock. **Issued rights, 3 shares for 44 held at 2.40. †Preliminary, subject to such write-offs, provisions and transfer to reserves as the boards may decide to make. ‡OTC bids prior to July 11, 1955. §Of which $0.044 has been paid. ¶Adjusted columns based on 45,238,916 million shares currently outstanding and consolidated earnings on 64% equity in earnings of Mufulira & Chibuluma. Earnings are after taxes and replacement reserves but before "general reserves" (i.e. retained earnings).

*(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)*

ALAN D. WHITNEY

*Investment Adviser, Winnetka, Illinois*

**Rio Algom Mines, Limited**

When is a stock cheap? When the estimated or known future of the business it represents is better than its present market price indicates. Why do such bargains occur at times? Because the market either is not interested in what may be a non-glamorous situation, or it is not aware of the situation or it does not believe in the prospects. One such apparent bargain on the market is described below.

Rio Algom Mines, Ltd., listed on the American Stock Exchange and also in Toronto, is now selling at its highest price, around $8 per share. Its low is 6¼, from July 1, 1960 and a recent high is 8 3/16. Prior to that, its several parts were separate companies mining uranium ore in Canada, and some of them refining it into uranium concentrates. The majority interest in all of them was held by Rio Tinto Mines, Ltd., which still has a similar large interest in Rio Algom. Some of the original companies were quite profitable in the past and some were not. Two paid dividends at intervals. But the amalgamation was somewhat forced, when the AEC refused to renew its contract for uranium

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**This Week's Forum Participants and Their Selections**



## CORRECTION

In last week's article by Irving McDowell, re—the Continental Insurance Co., we incorrectly stated that McDowell, Dimond & Co. are members of the New York Stock Exchange. This well-known Providence firm are members of the Boston Stock Exchange and also associate members of the Philadelphia-Baltimore Stock Exchange.

# Savings Bank Liquidity

By G. Russell Clark,* *New York State Superintendent of Banks, Albany, New York*

**New York's savings bank industry is told that if it does not provide an effective source of liquidity to fall back upon then the State might step in to make sure future liquidity crises can be satisfactorily met. The State's banking superintendent suggests strengthening and enlarging the Savings Banks Trust Co., and calls for the small earnings sacrifices required to build up an extra liquidity reserve if FDIC rebates cannot be used as "found" money for this purpose. He describes as inadequate the use of such traditional sources as commercial banks for liquidity support and, in alluding to the "magic fives" of last fall, stresses the importance of crystallizing a plan of action before and not after the next crisis. Mr. Clark's paper also presents a new theory of timing bank liquidity needs not with economy's decline but with booms and high interest rates periods. Advertising, promotional campaigns and age limits for trustees are some of the other topics Mr. Clark discusses in his paper.**

A major topic today is the problem of savings bank liquidity. Before discussing it, however, I would like to mention briefly some legislative matters, past and present. With respect to the past, undoubtedly the most dramatic event affecting the savings bank industry in New York State since the last convention of the Savings Banks Assn. of N. Y. State was the passage of the Omnibus Banking Bill. Since I do not deem it appropriate to comment on the subject matter of a court case awaiting decision, I will not dwell on it. It may, however, be desirable to give the current scorecard for branches under the provisions of the Omnibus Banking Law. Out of a total of 23 savings bank branch applications acted upon by the Banking Board, 20 have been approved, while three have been denied.

G. Russell Clark

Looking to the 1961 legislative session, a few of the proposals which the Banking Department intends to sponsor may be of interest to banking, particularly those dealing with regulation of advertising and promotional campaigns, over-age trustees, and public accommodation offices.

### Advertising and Promotional Campaigns

One of the Department's proposals would empower the Banking Board to regulate advertising and promotional campaigns by banking organizations. With respect to advertising, I wish to make it clear that the Banking Department has no desire or intention to play the role of censor. Nevertheless, under certain conditions, advertising might be carried far beyond the bounds of propriety. For example, some institutions in their competitive seal have used their advertising to cast doubt on the soundness of the financial condition of their competitors, or have used advertising which has tended to be misleading to the public. Only in these or other extreme instances would the exercise of regulatory power be desirable.

In the case of promotional campaigns, which frequently involve the use of giveaways to attract the public's deposits, these campaigns should not be allowed to get out of hand to a degree detrimental to any banking or savings institution. Such a circumstance might arise as more and more costly premiums are offered as each seeks to outdo the other in obtaining deposits. Promotional campaigns in connection with the opening of new branches present particularly difficult problems. I recognize the pressures upon the banking industry to compete with other less tradition-bound media for savings and investment. Nevertheless, caution should be exercised in any activity which tends to break down the favorable aspects of the image of your industry in the minds of the public. Up to now, moral suasion has been tried and we have sought to achieve our objectives by voluntary agreement, but certain institutions have not been amenable to voluntary restraint, which leads to our request from the legislature for new powers.

### Trustee's Age Limits

Another item in the Department's legislative program would authorize savings banks to adopt provisions in their by-laws specifying age limits for trustees. It may be surprising that at a time when medical advances have served to increase our life span, and when we see many men active and vigorous well into their 70s, that the question of age limits on service should arise. However, it is important to maintain a well-balanced age distribution on the board, not too heavily weighted by aged trustees.

The proposed bill would not require savings banks to adopt such provisions but would specifically empower them to do so if they wished. In this connection, I would like to report what transpired about a year ago in one of our upstate savings banks. There, the board itself instituted a voluntary procedure of staggered retirement of elderly trustees. Two trustees over the age of 70 resigned last January, and two more will resign in each of the next succeeding two years. In this manner, the bank will be able to retain the needed continuity of trustee direction while at the same time affording ample time to obtain the best possible replace-

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Published Twice Weekly
**The COMMERCIAL and FINANCIAL CHRONICLE**
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
CLAUDE D. SEIBERT, President
WILLIAM DANA SEIBERT, Treasurer
GEORGE J. MORRISSEY, Editor
Thursday, November 17, 1960
Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.)
Other Office: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).



Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

**Subscription Rates**
Subscriptions in the United States, U. S. Possessions, Territories and Members of Pan-American Union, $65.00 per year; in Dominion of Canada, $68.00 per year; Other Countries, $72.00 per year.

**Other Publications**
Bank and Quotation Record — Monthly $45.00 per year. (Foreign Postage extra.)
Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

# OBSERVATIONS . . .

*BY A. WILFRED MAY*

## THE CONSUMER'S "BEST FRIEND"?

Motivating the acquisition of a diamond should, of course, be aesthetic or romantic enjoyment. But the proclivity to attach diamonds with *investment* or *inflation-hedge* qualities persists endlessly. Hence for the basis of the actual comparative performance, we devoted time on our recent visit in Africa to secure an authoritative long-term record of their market price (with the cooperation of the Anglo American Corp., "spokesman" for the "Diamond Syndicate" in Johannesburg). This diamond history is, accordingly, incorporated with that for common stocks and the cost-of-living, in the following table.

| Year— | Consumer Price Index | Stock Prices | Diamond Prices |
|---|---|---|---|
| 1933 | 100 | 100 | 100 |
| 1945 | 139 | 199 | 197 |
| 1953 | 207 | 341 | 426 |
| 1959 | 225 | 835 | 476 |

Thus, during these significant intervals, the diamond has fulfilled the function of inflation-hedge; and as a comparative investment medium until the record bull stock market of the 1950's.

The concurrent performance of *ART* is necessarily omitted, because of the impossibility of fairly constructing an applicable Index. (To what extent should it include — with hindsight — the booming Picassos, Cezannes, Gaugins; or on the other hand, "duds" of the interval, as Rousseau, Gainsborough, Benton?)

* * *

## THE INNER WORKINGS OF THE DIAMOND TRUST

Another rewarding result of our recent visit in Africa was a revelation of the detailed operation of the so glamorized *Diamond Syndicate*, the interesting and important component of the vast Oppenheimer - Anglo American - De Beers empire. Involved is the marketing of almost all of the world's diamond production (40% of which is De Beers'), including now Russian exports in unfixed amounts.

### THE PRODUCTION SOURCES

The Syndicate's marketing organization, through six companies, handles the output of the following mines, classified as to location, and with their ownership indicated:

(1) *In the Union of South Africa.*
The De Beers mines in Kimberly—wholly owned by De Beers.
The Jagersfrontein mine — a De Beers affiliate.
The Premier mine, in the Transvaal—98% owned by De Beers.
The Kleinzee mine in Nanaqualand—owned outright by De Beers, as a subsidiary.
State Alluvial Diggings, also in Nanaqualand—owned exclusively by the Government of South Africa.

(2) *In South West Africa.*
Consolidated Diamond Mines —a De Beers subsidiary, 96% owned by De Beers.

(3) *In Tanganyika.*
The Williamson Diamond Mines—owned 50% each by the Government and De Beers (one of the many affiliates Board-Chaired by the fiscally-ubiquitous Mr. Harry Oppenheimer).

(4) *In Portuguese West Africa.*
The Angola Diamond Mining Co.

(5) *In the Belgian Congo.*
The Forminiere Mine—No De Beers ownership.
"Beceka" (Bas Societe Miniere Bas Congo du Katanga) —De Beers has small ownership through a subsidiary.

(4) *In Sierra Leone.*
The Sierra Leone Selection Trust—A share holding by a De Beers subsidiary via "third degree" holding company technique.

(5) *In Ghana.*
Consolidated African Selection Trust — stock interest directly held by the Diamond Corp., a De Beers subsidiary.
There are a few other mines in Ghana; independent of De Beers as to both production and sales.
There are also some producers in Sierra Leone, French Guinea, and Liberia, who are independent as to both ownership and sales.

### THE DISTRIBUTING MECHANICS

Acting as a link between the producers in the Union of South Africa and elsewhere, is the Diamond Corporation, which has purchasing contracts with the mines listed above. Each producer is given a percentage quota proportionately geared to the total sales consummated by the Central Selling Organization.

The amount of diamonds actually produced is left to the discretion of the individual mining companies. However, a "floor" is furnished by way of guaranteeing a specific minimum take-up quantity, via an absolute figure unconnected with the total sales achieved by the Central Selling Organization.

Any surplus of over-produced stocks, contrary to widespread public impression, are held by the producers. A complete production shut-down in the Union of South Africa requires Government consent.

The actual marketing, with the product's distribution thus initiated, begins—stemming from tax factors—with the diamonds' flow into the Diamond Producers Association. This is a nonprofit body, the members being the Government of the Union of South Africa, the Administrator (i.e., the Governor) of South West Africa, De Beers' Consolidated Diamond Mines, the Diamond Corporation (mentioned above).

The Diamond Producer Association enters into contracts for the sale of its members' diamonds.

Gem diamonds are sold through the Diamond Trading Company, in London and Johannesburg. Industrial diamonds are sold to individual distributors (limited to a continuing membership-like list), in London and Johannesburg.

The physical storing of unsold diamonds is done either in London by the Diamond Corporation or in Johannesburg by the South African producers.

The profits earned by the Diamond Trading Company (who market the gems) as well as Industrial Distributors, Ltd. (who handle the industrial diamonds) from their selling activities accrue to the producers together with the members of the Diamond Syndicate, namely, E. Oppenheimer & Son, Anglo American Corporation, the Barnato interests, and the Johannesburg Consolidated Investment Co.

The shareholders of the Diamond Trading Company and of Industrial Distributors are the producers, as also is Anglo-American, all three of which corporations operate under the Board Chairmanship of Mr. Harry Oppenheimer.

#### Operations in London

The famed and "controversial" London Office, it is insisted, is merely a distributing center, functioning as a depot. Decisions involving major policy are made in Johannesburg by the local managers of the Diamond Trading Co. and Industrial Distributors.

The demand on London comes directly from the one hundred-or-so selected clients—"members of the club"—who are privileged to file monthly applications, usually through their London Brokers, indicating their wants. They are provided "sights," whose kind and quantity of the diamonds are strictly allotted. The syndicate's allotment decisions, unilaterally determined, must be either accepted or rejected as a whole — a "take it or leave it" arrangement. The managers insist that buyers who reject their allotments are not blacklisted or otherwise penalized (at least not until after a third such refusal).

We were informed that the allegations about manipulation of the supply by the London office through the storing of unsold diamonds, and other "rigging" of the market by the London sales organization, is not true. The great excess of demand over the supply seems to be at the root of the criticisms.

* * *

## "MISTER CORPORATION"

Manifesting the vast ramifications of the industrial-financial *Empire*, which include explosives, consumer credit, etc., etc., along with mere diamonds, gold, and copper; is Mr. Harry Oppenheimer's corporate ubiquity. No doubt establishing an all-time high, is this able and relaxed owner-manager's holding of directorships in *110* companies, and board chairmanships in *24*.

# The State of TRADE and INDUSTRY

*Steel Production*
*Electric Output*
*Carloadings*
*Retail Trade*
*Food Price Index*
*Auto Production*
*Business Failures*
*Commodity Price Index*

The brightest spot on the economic horizon in 1961 will be construction, according to the annual outlook statement just released by F. W. Dodge Corp. In fact, Dodge economists expect that construction contracts will show a slight increase next year, despite an expected mild dip in general business activity.

The construction industry as a whole is not likely to be adversely affected by the expected business dip, the Dodge analysis indicated. Some segments of construction, particularly those involving business spending, may go down next year, but public projects, which account for more than a third of the total, should show strength. In addition, easier money should help the housing sector, at least to the extent of preventing any further decline.

The outlook statement, prepared by Dodge Vice President and Chief Economist George Cline Smith in collaboration wiith other staff members, indicates that total construction contracts in 1961 will amount to some $35.8 billion, a gain of 1% over the estimated 1960 level, and the second highest figure on record.

Most of the strength in 1961 is expected in contracts for heavy engineering construction, that is, public works and utilities. Heavy engineering contracts next year are forecast to total $8.9 billion, a gain of 5% over 1960. Highway construction, which accounts for about half of all heavy engineering construction, is expected to set the pace in this category, backed up by strength in utility construction as well.

Residential building contracts, by far the largest major construction category, are expected to be up about 1% next year, totaling some $15.3 billion. Residential floor area is also estimated to rise 1% in the year ahead.

Total private and public nonfarm housing starts in 1961 are estimated at 1,325,000, a gain of 2% over the 1960 estimated level of 1,300,000 on the current Census Bureau basis of measurement.

The report, published in the November issue of *Architectural Record*, stated that there is some evidence that the backlog of housing demand is not as strong as it has been in the past, and that, while easier money will undoubtedly have some upward effect in 1961, it may not be anywhere near as great as in previous recessionary periods.

Non-residential building contracts are expected to drop 2% in 1961 to $11.6 billion, principally because of a falling off in business spending for new industrial and commercial building offsetting gains in some of the other non-residential building types.

In terms of physical volume, non-residential floor area is likely to decline by 3%, slightly more than the decline in dollars. Physical volume of commercial, manufacturing, and social and recreational buildings is forecast to decline; schools to stay even; while hospitals, public buildings and religious buildings are likely to rise somewhat.

On balance, the report says, "construction contracts should move upward a little in 1961, ending the brief decline of 1960. The industry may well be resuming its upward course, paralleling the growth of the nation and the economy to be expected during the much-heralded and currently over-discounted Sixties."

#### Bank Clearings Show a Decrease For Week Ending Nov. 12 of 11.8% Below Last Year

Bank clearings showed a decrease compared with a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Nov. 12, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 11.8% below those of the corresponding week last year. Our preliminary totals stand at $19,763,506,097 against $22,397,702,248 for the same week in 1959. Our comparative summary for some of the principal money centers follows:

| Week Ended Nov. 12— | (000s omitted) 1960 | 1959 | % |
|---|---|---|---|
| New York | $9,343,479 | $11,042,536 | —15.4 |
| Chicago | 915,562 | 1,172,268 | —21.9 |
| Philadelphia | 851,000 | 1,039,000 | —18.1 |
| Boston | 602,733 | 665,304 | — 9.4 |

#### Heavy Impact of Inventory Control on Steel Shipments

Inventory control and the tightest buying practices ever experienced by the steel industry have taken from 5 million to 7 million tons of steel from 1960 shipments, *The Iron Age* says.

While conceding the figures represent only a statistical loss, the magazine says the results of close-to-the-vest steel ordering have importance on the outlook for the steel market.

First, they are affecting current steel operations, which are around 50% and may go even lower as seasonal factors take effect in November and December.

Secondly, these practices are forcing the steel mills to carry more and more inventory for the steel users, who now demand delivery in a matter of days instead of weeks. This adds to the cost of making steel.

But, the abnormal level of inventories today must be considered in future planning, *The Iron Age* says. Inventories are so low, and transit time so short, that any upward move in steel orders would be compounded. A good share of the 5 to 7 million tons "statistical" loss would immedi-

## Stevens Joins Phelps, Fenn

Dell H. Stevens is now associated with Phelps, Fenn & Co., 39 Broadway, New York City.

Mr. Stevens was formerly with Ira Haupt & Co.

ately be translated into order backlogs.

Low inventories are a matter of record, but the cutting of transit time to the minimum is having an added effect. One major automotive plant is an example. In addition to reducing inventories of steel in stock, it cut 4 days transit time that had been part of its inventory figuring.

This tendency is spreading throughout industry. Steel mills suspect that transit time on component parts has also been compressed. Normally, about one-third of steel stocks are in the form of inventory in process. Reduced transit times could add up to 2 million more tons taken out of inventory.

This is in addition to the 3 to 5 million tons that have been cut from what had been considered workable inventories of steel in hands of consumers, the magazine estimates.

In the over-all steel market, the order pattern has slipped again in the past week. This is principally because of the automotive setbacks aggravated by seasonal factors. Automotive setbacks have been prompted by two factors: Scheduling of lower output through November and December; some apparent over-buying of steel in October.

**Businessmen Skeptical of Kennedy's "New Frontier" Program**

Businessmen are watching President-elect John F. Kennedy's New Frontier program with what might be called constructive skepticism, *The Iron Age* reports.

In a special post-election report, the national metalworking weekly couples an analysis of Sen. Kennedy's program with interviews with top industrialists on their reaction to the Democratic election.

The conclusion—the New Frontier program will not succeed in radically reshaping the nation.

But *The Iron Age* cautions — this does not mean there will be no reshaping. It does not mean that the new President cannot push through some form of his extremely liberal legislative program. To the contrary, the next session of Congress will see such things as a minimum wage increase, a stronger medical care for the aged program, and a lessening of restrictions on labor unions.

But some of the youthful Senator's liberal economic ideas will be watered down. Though the moderating influences will not be seen in the Kennedy Administration, they are there, *The Iron Age* says. They are hidden in the forces of tradition and compromise in Congress.

At the same time, *The Iron Age* reports on a series of interviews with leading business executives.

The conclusions—fear of inflation is topmost reaction of businessmen to the election, *The Iron Age* says.

Other reactions are fear of higher taxes, concern over excessive Federal regulation of business, and general fear of "big government."

On the other hand, *The Iron Age* comments that many in business, particularly in industries deeply involved in defense, believe that stepped up defense spending will contribute to improved business under the Kennedy Administration.

The magazine also notes a "close the ranks" attitude on the part of many industrialists who were personally disappointed by the Kennedy victory.

It also observes a tendency on the part of many businessmen to caution the President-elect that his election "was far from a mandate" for radical reforms.

**This Week's Steel Output Based On 51.4% of Jan. 1, 1960 Capacity**

The American Iron and Steel Institute announced that the operating rate of steel companies will average *91.1% of steel capacity for the week, beginning Nov. 14, equivalent to 1,464,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of *91.4% and 1,468,000 tons in the week beginning Nov. 7.

Actual output for last week beginning Nov. 7, was equal to 51.5% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage of this week's forecast based on that capacity is 51.4%.

A month ago the operating rate (based on 1947-49 weekly production) was *98.3% and production 1,579,000 tons. A year ago the actual weekly production was placed at 2,233,000 tons, or *139.0%. At that time the industry was virtually closed down due to a strike of the steel union.

*Index of production is based on average weekly production for 1947-49.

**More Than 87 Million Tons of Steel Made in 10 Months of Year**

Steel production totaled 6,865,000 net tons of ingots and steel for castings during October, 1960, and 87,266,440 tons during the first 10 months of this year in the United States, according to the preliminary report of American Iron and Steel Institute.

The 10-month total was the sixth highest for any similar period on record despite the decline in output during recent months. It compares with 74,189,206 tons made in 10 months last year, when production was held down by the nationwide steel strike.

Through the first 10 months of this year, the industry operated

*Continued on page 32*

# Keeping U. S. Dollar Sound Under New Administration

*By* Paul Einzig

**Dr. Einzig strongly urges that we adopt technical measures of intervention in the forward dollar rate and in the world gold market, and that we stop allowing American residents from acquiring and holding gold abroad. Further, he warns that the fate of the U. S. dollar is not in the hands of Zurich speculators but in the hands of American trade union leaders in emphasizing our production costs must become more competitive.**

*LONDON, Eng.*—The immediate effect produced by Senator Kennedy's victory on the bullion market and foreign exchange market was negligible because these markets had discounted a Democratic victory with a wider margin of votes in favor of Senator Kennedy. The absence of any spectacular increase of the demand for gold or of the selling pressure on the dollar during the days that followed the election should not, however, mislead anyone into wishful thinking that, after all, the international financial markets remain unaffected by the change. In London and other financial centers everything that the President-elect will say or do during the next two months will be followed with the greatest possible interest, and it will undoubtedly influence the attitude towards gold and the dollar.

Any indication of New Deal legislation, whether in the form of anti-business measures or inflationary policies or equalitarian taxation changes is sure to lead to widespread anticipation of a heavy outflow of capital, both foreign and American. Already in recent months there had been a growing interest on the part of American investors in European stocks of various kinds. Unless Senator Kennedy weighs his words carefully during the two months of inter-regnum, he is liable to let loose an avalanche of capital outflow.

It is true, the European monetary authorities endeavor to discourage such a movement through Bank Rate reduction, of which the German Bank Rate provided an instance. Such reductions, while tending to discourage transfers of short-term funds, will tend actually to encourage transfers of long-term investment funds, because of their favorable effect on Stock Exchange prices. Even their effects of short-term funds will depend on the way in which the forward dollar rate will react on the changes in interest differentials in New York and continental centers.

**Recommends Adjusting Forward Dollar Rate**

From this point of view it is to be hoped that the advent of a new regime will be followed by some re-thinking on the official American attitude towards a forward exchange policy. Conceivably the new men in charge will not consider themselves bound by the narrow traditionalism of the present monetary authorities who are dead against intervening to adjust the forward dollar rate to suit requirements. Yet such an intervention could provide the solution for the dilemma with which the new Administration will be confronted. They want to counteract the recession by reflationary measures, but they are afraid that in doing so they would accentuate the outflow of funds. The answer lies in the adjustment of the forward dollar rate to a level at which it would discourage an outflow of funds through interest arbitrage, in spite of a reduction of interest rates in the United States.

Unfortunately that device has become discredited as a result of its exaggerated advocacy by a number of fanatics in Britain, who are in favor of unlimited and unconditional pegging of the forward rate regardless of the cause and extent of the pressure on it. That attitude was advocated in face of a sweeping speculative attack on sterling in 1957, at a time when there were legitimate doubts about the strength of sterling's defenses. No such doubts can arise about the strength of the dollar's defenses. The prevention of an outflow of funds through interest arbitrage would go some way towards maintaining confidence in the stability of the dollar.

**Favors Intervention to Support Fixed Gold Price**

It is to be hoped that the official American attitude towards supporting the price of gold will also be reconsidered. Had such support been forthcoming during the summer when the London price first rose above $35.25, the operations would have cost very little.

Over and above all, the freedom of American residents to acquire and hold gold deposits abroad is likely to continue to be the main cause of the demand for gold. It is utterly inconsistent to allow them to buy gold abroad while forbidding them from hoarding gold in the United States. After all, the American authorities would find it easier to lay hands on domestic gold deposits than on gold deposits held in Canada or Switzerland.

**Most Important Problem of Production Costs**

The technical measures suggested above would not in themselves be sufficient, however, to place the dollar above suspicion unless the rise in the cost of production in the United States is checked and reversed. Hopes are entertained in industrial circles in Britain and the continent that inflation will result under the new Administration and many American industries will outprice themselves from the world market. Should this happen, a deterioration of the American balance of payments would cause heavy losses of gold and would stimulate the withdrawal of foreign capital.

The fate of the dollar is not in the hands of Zurich speculators but in the hands of American trade union leaders. Until a year or two ago these leaders had enjoyed in Europe a high reputation for statesmanship. Comparisons were often made between the attitude of American and British trade union leaders and these comparisons seldom worked out to the advantage of the latter. In recent times, however, the attitude of American labor has changed considerably for the worse and their leaders have become increasingly irresponsible in putting forward unwarranted wage demands. If only they could be persuaded to revert to their previous statesmanlike attitude and moderate their claims, there would be no cause for Europeans to worry about the future of the dollar. Since Mr. Kennedy owes his victory to their support, is it too much to expect them to help the Administration of their choice by adopting a more reasonable attitude?

# Hersh V.-P. of AF-GL Agency

LOS ANGELES, Calif. — George T. Hersh II, manager of the Los Angeles office of Albert Frank-Guenther Law, Inc., has been elected a Vice-President of the national advertising and public relations agency, it was announced Nov. 14 by Howard W. Calkins, Chairman of the Board.

George T. Hersh, II

Mr. Hersh joined the Los Angeles office of AF-GL in May 1957 and was appointed manager of that office in January 1959. He previously was an account executive with Bishop & Associates, Los Angeles advertising agency, from 1956 to 1957 and prior to that was advertising supervisor for Coast Federal Savings & Loan Association for three years.

Mr. Hersh holds a B. S. degree in advertising from the University of Southern California. His previous schooling was in Allentown and Philadelphia, Pa.

## Purcell Securities

Purcell Securities & Co., Inc. has been formed with offices at 50 Broadway, New York City.

# TAX-EXEMPT BOND MARKET

*BY DONALD D. MACKEY*

Although interrupted by the 1960 Presidential election, the market for tax-exempt securities has continued the firm trend begun a few weeks ago. The firm market actually had its inception coincident with the technical balance which gradually developed through the middle and late October. It was then that the calendar began to lighten, relatively more so than during the same period a year ago, and that individuals as well as institutional investors interested themselves in secondary market offerings that appeared well priced. As we approached Election Day, dealer inventories were generally lowered and the new issue calendar attracted but few more offerings.

Dealer municipal bond inventories, as indicated by the *Blue List*, stand today at about $290,000,000. A week ago this figure was but $295,000,000. Dealers generally report that investor interest continues brisk, even at the higher price levels that progressively obtain.

The *Commercial and Financial Chronicle's* 20-year average high grade bond yield index stands today at 3.238%. A week ago the average yield was 3.2614%. The decrease in average yield represents a market gain of about one-quarter of a point.

**Don't Interfere With the Federal Reserve**

It is apparent from these obvious technical factors that the state and municipal bond market has been little affected by the political struggle that was decided on Election Day. This is not to predict that the various implications of the election will not in the near future have a direct effect upon the tax-exempt market. Certainly the new Administration seems more interested in particular aspects of an easier money policy than was true of the Eisenhower regime.

This circumstance, however, does not necessarily mean that the Federal Reserve will be directly subject to any more official suasion than has been the case for the last few years. It would seem that the new Administration must leave the manifold and sometimes antithetical problems that face the Federal Reserve entirely within its jurisdiction. Inducing an atmosphere of monetary ease in its fight to generate business activity, while currently facing up to the problems created by the higher world money rate structure, and attendant gold outflow, has developed a continuum of policy within the Federal Reserve too sensitive for any sort of breaching.

It would appear that the new Administration might find it easier to reappraise and alter fiscal and monetary policies that have become standardized within the current Administration. In this respect tax reforms, more equitable sharing of the foreign aid program costs as well as a rigid adherence to balanced budgets, would shrink Treasury and Federal Reserve problems considerably and diminish the need for incessant monetary controls. Such procedures may possibly become a reality.

**Interest Rate Trend May Be Higher**

It appears to us that the state and municipal bond market should continue to be judged on the basis of the various technical factors at hand rather than judged upon political presumptions. The complex realities of our government's fiscal, economic and foreign policies may not be easily tucked into a neat political easy-money capsule. These problems have been merely touched upon. When they are compounded with the confusion of financing that will be generated within the near future, and the demands for money involved in the imminent economic resurgence, the price of money may well tend toward higher percentages in the not distant future.

It begins to appear that the pyramiding of municipal bond prices at this juncture may lead to seriously lower prices during the first quarter of next year, when this year's referendum issues begin to appear in substantial volume, along with the regular run of first-quarter municipal financing. The contrast may be heightened by this year's light fourth-quarter calendar.

**Recent Financing**

One of the past week's important new underwritings involved $34,750,000 Commonwealth of Massachusetts serial (1961-2009) bonds. There were two bids for this sizable general obligation offering on Nov. 15. The syndicate headed by the Bankers Trust Co., the First National Bank of Chicago, the First National City Bank of New York, the Morgan Guaranty Trust Co., and the First Boston Corp. was the winner. The Chase Manhattan Bank, Halsey, Stuart & Co., Inc., group was a close runner-up. On the initial offering the issue was reported better than half sold. The reoffering scale ran from a 1.60% yield to a 3.55% yield.

This installment of Massachusetts bonds was part of a $69,500,000 offering made on Oct. 10. On that occasion the single bid was apparently less than the Commonwealth felt appropriate to accept. The Treasurer decided to await a more propitious market period and lessened the volume of the offering. This action paid off well for the Commonwealth.

**Highly Competitive Bidding**

One of the week's most interesting underwritings concerned $14,000,000 City of Los Angeles, Calif., harbor department revenue (1963-1979) and term 1985 bonds. At least six strong bidding groups competed for this high-grade revenue issue. The high bid was made by the syndicate headed by C. J. Devine & Co., and including Drexel & Co., Glore, Forgan & Co., Ladenburg, Thalmann & Co., American Securities Corp. and others. The bonds were priced to yield from 2.30% to 3.90%. At last report, the issue was about half sold.

The bidding for this issue was extremely close, with the Blyth & Co. group reported high as bids were opened. On refiguring, it was reported that a mistake had been somehow made and the C. J. Devine & Co. group was declared high bidder by a very narrow margin.

Another West Coast issue came to market on Tuesday, with the offering of $3,600,000 San Diego, Calif., general obligation (1961-1985) bonds. The high-bidding group was headed by the Bank of America N. T. & S. A., First Boston Corp., Merrill Lynch, Pierce, Fenner & Smith, Dean Witter & Co., and others. The issue was reoffered at prices to yield 1.70% to 3.65%. Latest reports indicate the flotation meeting with good investor reception. About $1,000,000 remains in account.

**Busy Wednesday**

On Wednesday, as we go to press, three important new issues have appeared in the marketplace. $5,000,000 State of South Carolina general obligation school (1961-1980) bonds were sought by many bidding groups. In close competition the Chase Manhattan Bank, Smith, Barney & Co., Wachovia Bank and Trust Co., Ladenburg, Thalmann & Co. group won the award. This highly rated serial issue was priced to yield from 1.50% to 3.00%. The current balance is reported as $1,685,000.

Also, $4,800,000 Dayton, Ohio, general obligation (1962-1981) bonds were offered for bids. The offering was comprised of $4,300,000 unlimited tax and $500,000 limited tax bonds. This distinction usually calls for a spread of at least 10/100's in favor of unlimited tax bonds although there is little intrinsic differentiations.

The winning account included Harris Trust & Savings Bank, Mercantile Trust Co., Hornblower & Weeks, Weeden & Co., First National Bank of Portland, and others. The unlimited tax bonds were scaled from 1.75% to 3.15%. The retail disposition of this highly rated issue is not as yet known.

The largest issue of yesterday's three was $35,850,000 Philadelphia, Pa., general obligation (1962-1991) bonds. Two groups contended for the award. The First National City Bank of New York, Halsey, Stuart & Co. account won out over the Drexel & Co., Chase Manhattan group, with a cover involving but pennies. The winning group has scaled the bonds to yield from 1.85% to 3.65%. Considerable interest has been reported for these bonds but actual performance figures are not as yet known.

**Dollar Bonds Steady**

The dollar quoted state and municipal authority and other revenue issues have changed in price but little since last reporting. The *Smith, Barney & Co.* toll road bond yield index averaged out at 3.84% on Nov. 10, which is the last reporting date. On Nov. 3 the average yield was about the same.

These issues have been recently quieter than is usual at this season, due partly to an absence of tax loss transactions. Most of the toll road bond prices have recovered considerably this year and gains rather than losses apparently prevail in many accounts. However, this should not rule out some late-year transactions of this type as against original holdings.

There appear to be no new negotiated type revenue bond issues approaching market at this time. Negotiated issues have been particularly scarce during 1960, due partly to the easy bond market that prevailed during the first half of the year.

**Strong Market Indicated**

The calendar for new competitive type issues continues to be very light. With the holiday period approaching there seems little likelihood of a crowded calendar before January. The current strength of the market seems likely to persist for the near term at least.

**MARKET ON REPRESENTATIVE SERIAL ISSUES**

| | Rate | Maturity | Bid | Asked |
|---|---|---|---|---|
| California (State) | 3½% | 1978-1980 | 3.65% | 3.50% |
| Connecticut (State) | 3¾% | 1980-1982 | 3.30% | 3.15% |
| New Jersey Highway Auth., Gtd. | 3% | 1978-1980 | 3.25% | 3.10% |
| New York (State) | 3% | 1978-1979 | 3.15% | 3.00% |
| Pennsylvania (State) | 3⅜% | 1974-1975 | 3.00% | 2.90% |
| Vermont (State) | 3⅛% | 1978-1979 | 3.15% | 3.00% |
| New Housing Auth. (N. Y., N. Y.) | 3½% | 1977-1980 | 3.20% | 3.05% |
| Los Angeles, Calif. | 3¾% | 1978-1980 | 3.65% | 3.50% |
| Baltimore, Md. | 3¼% | 1980 | 3.40% | 3.25% |
| Cincinnati, Ohio | 3½% | 1980 | 3.20% | 3.05% |
| New Orleans, La. | 3¼% | 1979 | 3.65% | 3.50% |
| Chicago, Ill. | 3¼% | 1977 | 3.70% | 3.55% |
| New York City, N. Y. | 3% | 1980 | 3.60% | 3.55% |

November 16, 1960 Index=3.2384



## Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

*Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.*

| | | | |
|---|---|---|---|
| **Nov. 17 (Thursday)** | | | |
| Alliance, Nebraska | 1,750,000 | 1961-1982 | 7:30 p.m. |
| Brandywine Area Joint School Authority, Pennsylvania | 1,075,000 | 1961-1990 | 8:00 p.m. |
| Cedar Rapids, Iowa | 1,917,000 | 1961-1980 | 10:00 a.m. |
| Charlotte, Gerry, etc., Central School District, No. 1, New York | 1,040,000 | 1961-1980 | 3:00 p.m. |
| Georgetown, Kentucky | 2,500,000 | 1962-1976 | 7:30 p.m. |
| Hawaii | 6,500,000 | 1985 | 11:00 a.m. |
| Spencer, Iowa | 2,230,000 | 1961-1985 | 2:00 p.m. |
| Spring Branch Ind. Sch. Dist., Tex. | 2,000,000 | 1962-1991 | 8:00 p.m. |
| Westfield, Mass. | 2,610,000 | 1961-1980 | 11:00 a.m. |
| **Nov. 18 (Friday)** | | | |
| University of California, Calif. | 3,700,000 | 1961-1988 | 10:00 a.m. |
| **Nov. 21 (Monday)** | | | |
| Maricopa County, Scottsdale Sch. District, Arizona | 3,945,000 | 1961-1974 | 11:00 a.m. |
| Montana State Board of Ed., Mont. | 4,080,000 | 1961-1999 | 10:00 a.m. |
| Port of New York Authority, N. Y. | 25,000,000 | 1989 | Noon |
| **Nov. 22 (Tuesday)** | | | |
| Bridgeport, Conn. | 2,330,000 | 1961-1980 | 11:30 a.m. |
| Brookhaven Union Free School District No. 24, New York | 1,000,000 | 1962-1990 | 2:00 p.m. |
| Cajon Valley Union School Dist., California | 1,220,000 | 1962-1986 | 10:30 a.m. |
| Dalton, Georgia | 2,250,000 | 1962-1976 | 2:00 p.m. |
| Randolph County, North Carolina | 1,750,000 | 1962-1988 | 11:00 a.m. |
| Sequoia Union High School Dist., Calif. | 1,100,000 | 1962-1986 | 10:00 a.m. |
| **Nov. 28 (Monday)** | | | |
| Dearborn Township School Dist. No. 4, Michigan | 1,400,000 | 1963-1986 | 7:30 p.m. |
| **Nov. 29 (Tuesday)** | | | |
| Alabama Highway Authority, Ala. | 15,000,000 | 1962-1981 | 11:00 a.m. |
| Albuquerque, New Mexico | 4,500,000 | 1962-1981 | 10:00 a.m. |
| Campbell and Kenton Counties Sanitary District, Ky. | 1,300,000 | 1962-1983 | 11:00 a.m. |
| Johnstown Municipal Authority, Pennsylvania | 5,000,000 | 1963-1986 | Noon |
| Natchitoches, Louisiana | 1,250,000 | 1962-1990 | 11:00 a.m. |
| Pulaski County, Arkansas | 1,500,000 | -------- | -------- |
| Warren Consolidated School Dist., Michigan | 2,000,000 | 1963-1987 | 8:00 p.m. |
| **Nov. 30 (Wednesday)** | | | |
| Florida Development Comm., Fla. | 14,500,000 | 1964-1990 | 11:00 a.m. |
| Union and Owego Central School District No. 1, N. Y. | 3,991,000 | 1961-1980 | 2:00 p.m. |
| **Dec. 1 (Thursday)** | | | |
| Indianapolis School City, Ind. | 1,040,000 | 1962-1981 | 12:30 p.m. |
| *Oklahoma City Improve. Author., Oklahoma | 45,000,000 | -------- | -------- |

*A negotiated sale of a minimum of $45,000,000 and a maximum of $65,000,000, to be underwritten by a syndicate managed by John Nuveen & Co., Allen & Co., B. J. Van Ingen & Co., Inc., and Leo Oppenheim & Co.

| | | | |
|---|---|---|---|
| **Dec. 5 (Monday)** | | | |
| Peoria County Sch. Dist. No. 150, Illinois | 7,800,000 | 1961-1980 | 8:00 p.m. |
| **Dec. 6 (Tuesday)** | | | |
| San Diego Unified Sch. Dist., Calif. | 10,000,000 | 1963-1982 | 10:30 a.m. |
| South Bend, Indiana | 1,940,000 | 1961-1972 | 1:00 p.m. |
| **Dec. 7 (Wednesday)** | | | |
| Fairfax County, Virginia | 8,500,000 | 1962-1988 | -------- |
| Maryland State Road Comm., Md. | 12,500,000 | -------- | -------- |
| **Dec. 8 (Thursday)** | | | |
| Concord College, State Board of Education, West Virginia | 1,648,000 | 1962-1989 | 2:00 p.m. |
| **Dec. 13 (Tuesday)** | | | |
| Los Angeles County Hospital Dist. California | 7,000,000 | -------- | -------- |
| **Dec. 14 (Wednesday)** | | | |
| East Baton Rouge Parish Sewer District, La. | 7,000,000 | 1962-1991 | 6:00 p.m. |
| Michigan (State of) | 25,000,000 | -------- | -------- |

# The Business Outlook

*By John J. Balles,* Vice-President and Economist, Mellon National Bank and Trust Company, Pittsburgh, Pa.*

**The case for the Optimists and for the Pessimists regarding the economic outlook are analyzed by Mr. Balles who admits his bias is with the Pessimists' camp. The banker-economist surveys the important economic factors and their outlook, and shows where the Pessimists and Optimists agree and disagree. Mr. Balles concludes the current decline will not be worse than the previous adjustments — in fact it may not be as severe — and he forecasts recovery by second half of 1961. He advises against unsound economic interventionary measures so we may continue to maintain our unparalleled long run record.**

In recent weeks, a widespread debate over near-term business prospects has revealed an unusually sharp divergence of opinion among competent and well-known authorities. The debate has centered around this question: Following the "high-level plateau" of overall business activity since early this year, involving various "cross-currents" and "rolling adjustments," is the economy going to break out of the plateau on the up-side or on the down-side?


John J. Balles

At the risk of over-simplification, the prognosticators can be divided into two camps. The "Optimists" hold that economic activity will start to edge up rather than to top out, that no recession is in prospect for the year ahead, and that steady if unspectacular growth is in prospect. The "Pessimists," on the other hand, hold that a business cycle peak is close at hand or perhaps has already transpired, and that a downturn thus lies ahead — even though it may be brief and mild.

This divergence of opinion suggests that it would be helpful to focus our attention on the underlying evidence and judgments on which the opposing conclusions are based. In this way the nature of the disagreement can be at least clarified somewhat, and you may better be able to judge which school of thought seems most convincing. With those aims in mind, and with the notation that I am in the camp of the Pessimists, I would first like to attempt an objective review and evaluation of the case of the Optimists, and then present my version of the case of the Pessimists.

### The Case of the Optimists

The Optimists seem to base their case mainly on the following four arguments: (a) that the large-scale inventory adjustment that has been going on since early in 1960 is now largely behind us; (b) that Federal Government spending is now on the rise; (c) that monetary ease, which began relatively early in 1960, will have a general stimulating effect, particularly on housing construction; and (d) that we can count on a sustained rise in consumer outlays on non-durable goods and on services and in state-local government spending. Each of these points will be examined briefly.

(1) **"While the economy has undergone a painful readjustment since early this year, the cause of this readjustment is largely behind us—namely, a massive drop in the rate of inventory accumulation."**

In the first quarter of 1960, there was an extraordinary build-up of inventories at the annual rate of $11.4 billion, with the rate of accumulation then slowing down to $5.3 billion in the second quarter. Preliminary data for the third quarter show that inventory accumulation ceased altogether. If other things had remained unchanged, the inventory factor would have shrunk the total output of the economy at an $11 billion annual rate, between the first and third quarters.

The above development on inventories stemmed mainly from two major factors. First, there was a dissipation of inflationary expectations — both because of the previous impact of credit restraint and particularly because of a swing from a Federal budget deficit of $12.4 billion in fiscal 1959 to a surplus of $1.1 billion in fiscal 1960. This change in expectations was registered, for example, in declining stock prices early in 1960. Secondly, industrial capacity proved more than adequate to meet the level of business sales which actually emerged early this year. Previous incentives for inventory-building thus disappeared — i.e., expected price increases and fears of shortages and delayed deliveries.

According to the optimists, therefore, the economy has demonstrated its great strength and underlying resiliency by weathering the inventory shift without an overall decline in final demand for goods and services. At least through July, industrial production has remained on a plateau since early 1960, with a drop in durable-goods being offset by a rise in non-durable goods—i.e., a rolling adjustment. The swing in inventories has been offset by a sustained rise in final demand for goods and services. Moreover, as held by the optimists, the inventory adjustment is now largely behind us, and any pick-up in business sales will result in larger production.

(2) **"Spending by the Federal Government is headed upward."**

The original forecast of a $4.4 billion Federal budget surplus for fiscal 1961 was reduced in early October to a revised forecast of only $1.1 billion. But the Federal budget is now in a deficit position, if only for seasonal reasons during the first half of the fiscal year, and is thus not exerting any contractive influence on the economy. Moreover, the October budget figures show a rise of $3 billion in expenditures in fiscal 1961, as compared to the previous year. Thus, Federal spending is already on the rise — and the Optimists guess that it will probably rise even more than now projected in 1961, the amount depending on who won the election. This prospect contrasts sharply with the beginning of the 1957-58 recession, at which time a substantial cut-back in defense orders and defense spending contributed to the business decline then underway.

More recently, starting with the third quarter of 1959, defense spending showed a slight declining trend, reaching an annual rate of $44.7 billion in the second quarter of 1960. The third quarter showed a slight pick-up, however. The revised forecast of the Federal budget for fiscal 1961, released early in October, shows that defense spending will be about $500 million higher than in fiscal 1960. It is clearly possible that the new Administration in January, no matter which party, will increase defense outlays even more. Also, any major new upheaval in international relations could radically alter the picture. Nevertheless, while a definite increase in defense spending is now indicated, the amount that can be counted on at present is small. A greater immediate impact on the economy will probably stem from the larger volume of orders and contracts now being placed for defense and highway purposes.

According to the revised budget for fiscal 1961, the greater part of the increase in Federal spending for goods and services will occur in the non-defense area. The projected increase over fiscal 1960 is $1 billion—about half of which is for crop-purchases under the price-support program, with the balance in larger outlays for payrolls and various "civilian" programs.

The total increase in currently-projected Federal spending for goods and services in fiscal 1961 is thus relatively modest—about $1.5 billion. (The other $1.5 billion increase shown in the administrative budget is for various transfer payments, grants-in-aid to the states, etc.) Any major new increases in Federal spending, even if undertaken, would have to be proposed in January and enacted after the usual time-consuming budget processes. It seems doubtful to me that anything could be done on a sufficient scale to be timely, in regards the present economic situation.

(3) **"The ease in monetary policy which began early last spring will have some general stimulating effect on the economy and thus help to head off a downturn."**

Specifically, the situation of relative monetary ease is said already to be encouraging new long-term bond flotations by corporations and by state and local governments.

Even more important, the optimists believe that the trend toward easier credit will give residential housing construction a healthy shot in the arm. Such construction has in the past been highly sensitive to changes in the cost and availability of money and credit. Periods of easy money have been followed by large gains in residential construction—e.g., the 45% increase in housing starts from early 1958 to mid-1959. Thus far, there have been no definite signs of a revival. Housing starts did increase about 8% in August, but then dropped to a new low for the year in September.

In my opinion, two notes of caution are necessary about the housing outlook. Thus far there has been no increase in consumer plans to buy houses, as measured in various surveys; and various specialists in the construction and home-financing industries have been warning that this time the rate of family formation may prove to be more of a limiting factor on the demand side of the market, in contrast to the case several years ago, despite the emergence of easy money.

Thus far the demand for new housing has remained slack. Uncertainty about short-term employment and income prospects has probably had some effect, along with the fact that a sag in prices of older homes probably has some potential buyers "locked in." Also, in many areas of the country it is doubtful that any real "housing shortage" exists.

Therefore, in spite of a gradual trend toward easier credit terms, I expect the increase in housing starts in 1961 to be quite modest. The gain might not exceed 5-6%.

(4) **"We can count on the strong possibility of a sustained rise in consumer spending for non-durable goods and for services, plus continued gains in outlays by state and local governments." I am fully in accord with this view: In terms of dollar volume, these are the largest factors of strength for the year ahead.**

In total, the three types of spending mentioned above account for two-thirds of the total output of goods and services. All three sectors have shown very steady growth, even in the face of cyclical downturns. Between them, they have had an average yearly gain of $15 billion since 1954—and $16.5 billion in the last two years. An expansion of comparable magnitude—$15 to $16 billion—can be counted on with considerable certainty for 1961.

On the basis of the above considerations, the optimists contend that general business activity will at least remain on a plateau, or even show some expansion, despite admitted weak spots in the economy.

### The Case of the Pessimists

Having reviewed the case of the optimists, we can now turn to the opposing view. While recognizing the upward trends in prospect for consumer spending on soft goods, services, and housing, along with probable gains in government spending (at all levels), the pessimists point to potential weaknesses in three key sectors which usually make for the difference between a strong or a weak tone in general business, and which on net balance will probably produce at least a mild downturn: (a) weakness which has already occurred in consumer spending for durable goods, plus a further weakening being signalled by surveys of consumer buying plans; (b) a probable downturn in business capital expenditures; and (c) the possibility that the two factors just mentioned will trigger off outright inventory liquidation on top of the inventory adjustment already made—i.e., the cessation of inventory building. Each of the

Continued on page 16

# DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

*IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:*

**Airlines** — Analysis of outlook — Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a bulletin on **Louisiana Land & Exploration.**

**Bank Stock Notes** — Circular on leading New York City Banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**Bank and Trust Companies of the United States** — Comparative figures—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

**Bonds** — Review of outlook — H. Hentz & Co., 72 Wall St., New York 5, N. Y.

**Depressed Stocks on the way up** — Reviews of **Boeing Airplane, Douglas Aircraft, General Dynamics** and **Lockheed Aircraft**—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

**Equities for Investment**—List of 202 common stocks which appear interesting—Gude, Winmill & Co., 1 Wall St., New York 5, N. Y.

**Food Stocks**—Report — Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y.

**Housewares** — New Growth Industry?—Discussion in November issue of "The Exchange" — The Exchange Magazine, 11 Wall St., New York 5, N. Y.—20 cents per copy; $1.50 per year. In the same issue are article's on "Security Credit in the Capital Market," Gold Stocks, yields, and data on **Ryder System, Inc., Ling-Temco Electronics Inc., Olin Oil & Gas Corp.**, and **Basic Inc.**

**Inflation Hedge Stocks** — Suggested list — Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

**Japanese Market** — Review — Yamaichi Securities Co. of New York Inc., 111 Broadway, New York 6, N. Y. Also available are analyses of **Nippon Electric Co.** and **Electro Chemical Inc., Co.** and the current issue of "Investor's Digest" with discussions of discussions of Japanese **Passenger Car Industry, Electronic Industry** and **Investment Trust** market.

**Japanese Stock Market** — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available are analyses of **Yawata Iron & Steel; Fuji Iron & Steel; Hitachi Limited** (electronics); **Kirin Breweries; Sumitomo Chemical; Toyo Rayon; Toanenryo Oil Company; Sekisui Chemical Co.** (plastics); **Yokohama Rubber Co.;** and **Showa Oil Co.**

**Kennedy and the Utilities**—Discussion — Goodbody & Co., 2 Broadway, New York 4, N. Y.

**Market Outlook** — Review — Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

**New York City Bank Stocks** — Review — Fahnestock & Co., 65 Broadway, New York 5, N. Y. Also available is a review of **Harshaw Chemical Co.**

**Over-the-Counter Index** — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

**Paper Industry**—Study with particular reference to **Crown Zellerbach, Kimberly Clark, International Paper, St. Regis Paper, Union Bag-Camp Paper** and **West Virginia Pulp & Paper** — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.. Also available is a report on **Cities Service Co.** and memoranda on **Grolier and Transportation Corp. of America.**

**Publishing Industry** — Review with particular reference to **Random House, Prentice Hall and the Textbook Industry, Western Publishing, Consultants Bureau Enteprises**—Kalb, Voorhis & Co., 27 William St., New York 5, N. Y. Also available is a bulletin on **Stock Warrants.**

**Real Estate Investment Trusts** — Bulletin—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

**Stocks** — Suggestions in various categories—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

**Top Twenty**—List compiled from holdings of five of leading open end Canadian Mutual Funds — **Wills, Bickle & Co., Ltd.**, 44 King St., West, Toronto 1, Ont. Canada.

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**Admiral Plastics**—Analysis—Herbert E. Stern & Co., 52 Wall St., New York 5, N. Y. Also available are data on **Cenco** and **Spiegel.**

**Air Reduction Company Inc.** — Analysis—F. P. Ristine & Co., 15 Broad St., New York 5, N. Y.

**American Greetings Corp.** — Report—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are data on **Mattel, Inc.**, and **Papercraft Corp.** and a review of the **Distilling Industry.**

**American Gypsum**—Memorandum —Quinn & Co., 200 Second St., Northwest, Albuquerque, N. Mex.

**American Machine & Foundry**—Compared with **Brunswick Corp.** —Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y.

**American Metal Climax**—Memorandum—Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

**Amoskeag**—Report—Pacific Coast Securities Co., 215 West Seventh St., Los Angeles 14, Calif.

**Anaconda Company** — Report — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are reports on **McLouth Steel, Mead Corp., Monsanto Chemical** and **Transamerica**, and reviews of **Domestic Oil Companies, Inspiration Consolidated Copper** and **General Dynamics.**

**Armstrong Cork Co.** — Review — J. A. Hogle & Co., 40 Wall St., New York 5, N. Y. Also available are reviews of **Carborundum Co., Johns Manville Corp., Richfield Oil Corp., Union Carbide Corp.**, and **United Shoe Machinery**, and reports of **Chase Manhattan Bank, Dow Chemical Co., International Business Machines, Interstate Motor Lines, National Video Corp., Seaboard Finance Co.** and **United Artists Corp.**

**Ashland Oil & Refining** — Report — Colby Letter, 31 Milk St., Boston 9, Mass. Also in the same issue is a report on **General Telephone & Electronics.**

**Birtcher Corp.**—Analysis—Carleton & Co., 262 Washington St., Boston 8, Mass.

**British Columbia Forest Products** —Review—Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa. Also available is a report on **American National Insurance Co.**

**Brook Labs Company Inc.** — Analysis—J. I. Magaril Co., 37 Wall St., New York 5, N. Y.

**Butler's Shoe Corp.** — Analysis — R. S. Dickson & Co., Inc., Wachovia Bank Building, Charlotte 2, N. C. Also available are reports on **Union Oil Company of California, Drackett Company** and **Fair Lanes, Inc.**

**Campbell Soup Co.** — Analysis — The First Boston Corp., 15 Broad St., New York 5, N. Y.

**Chemetron**—Data—Shields & Co., 44 Wall St., New York 5, N. Y. Also available are data on **Kaiser Industries, Harris Intertype** and **Lerner Stores** and a memorandum on **Anheuser Busch.**

**Cletrac Corp.** (formerly Oliver Corp.)—Study—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a study of **Perfect Photo.**

**Cockshutt Farm Equipment** — Analysis—John H. Kaplan & Co., 120 Broadway, New York 5, N. Y.

**Coleman Engineering Company**—Analysis—Leason & Co., Inc., 39 South La Salle St., Chicago 3, Illinois.

**Corn Products** — Discussion in November "Investors Reader" — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York 5, N. Y. Also in the same issue are data on **Drug Fair-Community Drug Co., Foote Bros. Gear & Machine Corp., Worthington Corp., Melville, Cessna, Wallace & Tiernan, Universal Oil Products Co., Smith Corona-Marchant Inc.** and **U. S. Rubber.**

**Crown Cork & Seal** — Report — L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available are comments on **Pay TV** and **American Viscose.**

**Dayco**—Bulletin—Purcell & Co., 50 Broadway, New York 4, N. Y.

*Continued on page 35*



# When to Take and Not Take—Tax Losses on Securities

*By Roger W. Babson*

**A reminder on how to profit tax-wise on stock losses and gains is accompanied by an important piece of advice. Mr. Babson advises keeping stocks and skipping tax losses if the securities are good. He admits it's better to take tax losses in a bear market than in a bull market, and offers other timely hints for successful investing.**

Readers who are clients of investment counselors, or who have active banking houses or brokers attending to their affairs, probably have already been notified of the possible advantage that can be secured by taking tax losses.

### No Lower Taxes in 1961

Both Mr. Kennedy and Mr. Nixon promised greater expenditures, due to increased defense needs, larger welfare payments, and perhaps unemployment aid. We cannot now wait for the official statements of the winning candidate, Mr. Kennedy. But we can assume that anything he recommends will be to the interest of the many millions who hold no securities — funds for said payments to be raised through inflationary measures or increased taxes. Both could work a hardship on investors.

In deciding what to do, divide your 1960 sales of securities into two groups: (1) Those held longer than six months; (2) those held less than six months. Next, figure out what will be your net long-term gain or loss, and what will be your net short-term gain or loss. Then offset these net figures, remembering that one dollar of short-term loss can wipe out one dollar of long-term gain, and one dollar of long-term loss can offset one dollar of short-term gain.

### More Details Regarding Long-Term Gains

Of course, to take advantage of tax losses one must sell the securities, and it may not pay to do this. If an excess of long-term capital gains results, you may reduce this gain by 50% before figuring your tax; and if the tax on long-term gains should exceed 25% of the gains, you may use an alternate method of computing and thus hold down your tax.

In the case of most readers, the capital gains tax will be under 25% of the profits realized. The alternate tax method is used only for net taxable income of more than $18,000 for a single person, $24,000 for the head of a household, and $36,000 for a joint return.

### What About Short-Term Gains?

The above advantages apply only to long-term gains; they do not apply to the short-term sales cited in item #2 of the third paragraph of this column. Therefore, there may be a real tax advantage in letting your profits run over the six-months period, even if it brings you into another year. The government permits you to carry any unapplied capital gains losses forward for the next five years. Of course, securities should not be sold merely to take a tax loss. If the stock is one about which you are still optimistic, the improvement in price may later provide you with a greater gain than you could get by taking a tax loss now.

### Disposing of Your Poorest Issues

Personally I give little attention to taking tax losses if I believe my securities are all good. On the other hand, here again one must decide whether we are in a bull market or in a bear market. If you believe we are in a bear market it is better to take tax losses than it would be if you believed we were still in a bull market. This is another reason for seeking the help of an investment counselor.

Certainly, this is a good time to clear up your list and eliminate the poorest investments. Keep your stocks in the order in which they are rated, and sell one or more of the poorest each year. Ordinarily, it is better to sell these in September or October before the crowd rushes to sell, as they may be doing this time of year. On the other hand, most investors may have already taken their capital gains or losses. If so, the market may work up from now to the end of the year rather than continue to decline until the deadline of Dec. 30, 1960.

### Waiting Thirty Days

Most investors seem to feel that if they sell stocks to take a tax loss, they cannot buy this same stock back again. This, however, is perfectly possible if you will wait 30 days. If the stock is fundamentally good, I am inclined to buy the same stock back even though, due to some special nonrecurring event, it may have advanced in price.

## Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Darrel D. Hansen has joined the staff of Dean Witter & Co., Equitable Bldg.

## With Butler, Wick

(Special to THE FINANCIAL CHRONICLE)

YOUNGSTOWN, Ohio — Thomas D. Kepler is now with Butler, Wick & Co., Union National Bank Building, members of the New York and Midwest Stock Exchanges.

# Metropolitan Broadcasting

*By* Dr. Ira U. Cobleigh, *Enterprise Economist*

**A progress report on one of the fastest growing, highest leveraged enterprises in the field of advertising electronically.**

In late 1955, Metropolitan Broadcasting Corporation came into the public investment orbit when its common shares were distributed to stockholders of Allen B. DuMont Laboratories in a "spin-off." The company didn't look very exciting at the time. It owned two television stations and in the next year, 1956, managed to lose $900,000 on $5,000,000 of business.

But Metropolitan Broadcasting Corp. was eager and ambitious. In May, 1957, it acquired WNEW the leading radio station in the New York area in sales, income and audience. WNEW serves a 14½ million population area — five million homes in 31 counties of the States of New York, New Jersey, Connecticut and Pennsylvania.

Purchase of WNEW was made with a combination of cash and stock and resulted in expansion of Metropolitan Broadcasting common from 944,000 to 1½ million shares.

**Steady Expansion**

In 1958, the company added WHK, a radio station now believed to have as its share, 25% of the Cleveland area listening audience. In February 1960, radio station WIP, Philadelphia's Pioneer Voice was added. It is being developed in program, news and operation along the lines of WNEW in New York.

In addition to the original TV properties, WNEW-TV, New York and WTTG-TV, Washington, Metropolitan on Feb. 11, 1960 added WTVH, Peoria, reaching 154,000 homes in 12 Illinois Counties; and on Feb. 3, 1960 KOVR-TV, serving 1,000,000 people and 350,000 homes in the rapidly growing Sacramento-Stockton area in California. Other acquisitions include WTVP a station with territory contiguous to WTVH in Illinois and WRUL a short wave radio station for international transmission.

**Entry Into Outdoor Advertising**

Finally, in rounding out and broadening its activities in the advertising media industry Metropolitan on March 1, 1960 bought the Foster and Kleiser outdoor advertising division from W. R. Grace and Company. (Just how that international banking and shipping enterprise happened to be in outdoor advertising is a little puzzling.) Foster and Kleiser is the second largest outdoor advertising company in the United States (grossing around $21½ million) and a major advertising force in the states of Arizona, California, Oregon and Washington. This company owns 33,000 and leases 1,000 advertising structures exposed to 94% of the Pacific Coast population.

Whereas the outdoor advertising industry (doing a total annual business of around $200 million) is generally regarded as the most static section of the advertising business, Metropolitan believes it can do well with its investment in Foster & Kleiser. The territory is peculiarly adapted to outdoor advertising since the climate is moderate, 85% of the inhabitants are outdoors every day, and they can't escape exposure to roadside advertising since they go everywhere by motor car. It is felt that by more effective management and aggressive application of the latest advertising techniques Metropolitan can expand the profit margins of Foster and Kleiser.

Here then is a company dedicated to forward motion in its particular field of communication, eagerly expanding and not afraid to incur debt in so doing. To develop gross revenues of some $40 million in 1960 (almost triple the volume of business done last year) Metropolitan now has about $22 million in debt and has increased the outstanding amount of its common stock to 1,700,000 shares. A further increase in common stock will occur when and if the issue of $6 million 6% debentures (part of the $22 million debt) is converted. These bonds may be exchanged into common at the rate of 60 shares per $1,000 bond or at a price of $16⅔ per share. Assuming total conversion, there would be 360,000 additional shares of common. (The convertible subordinated debentures sell today at 117 and are quite interesting for those who like to own bonds and keep their feet in the door of the stock market at the same time).

While the amount of debt for expansion purposes may seem a little heavy the indicated cash flow, in the order of $5½ million this year, provides ample resources to meet the $2 million annual debt retirement program.

Something too should be said about the nature of this broadcasting business. It is by no means static; in fact, it's one of the faster growing sections of our economy. Television is now the third largest advertising medium (after newspapers and direct mail). Television time sales have, for the past six years, been expanding at a rate of about 14½% annually, compounded, and today 86% of American homes have TV. The growth rate may not continue at so steep an upcurve in the future but the stability and depression-resistant qualities of TV advertising have, by now, been quite well documented.

Radio, since the arrival of TV has displayed but a meager growth curve with total revenues in the period 1950-59 increasing only at the rate of 2.4% annually. This does not, however, properly describe the growth element in Metropolitan Broadcasting's radio divisions. These derive all their revenues from national spot and local advertising, growing in the past few years at the rates of 8.4% and 6.7% respectively, and mainly at the expense of radio network advertising.

A key to the progress at Metropolitan Broadcasting Corporation is energetic and intelligent management. President and Chairman is John W. Kluge, who brings to these offices a record of earlier success in merchandising and independent radio station operation. The Board of Directors includes a diversified group of men (and one woman) with distinguished backgrounds in business, finance, investment, broadcasting and the law. About the operating management. President Kluge, in the 1959 annual reports said: "In the last eight months your company has added to its upper echelons of executives many key employees in all phases of operations. . . . today we are happy to offer the team we now have at Metropolitan's headquarters as the ideal blend—as nearly as any human endeavor can approach the ideal —of youth and maturity, of enthusiasm and experience."

Stock-minded investors have been attracted to Metropolitan Broadcasting common for a variety of reasons. One of these reasons is the leverage afforded. Debt structure is fairly heavy and operating costs are quite stable so that increases in revenue can be converted into net earnings at a very high ratio. In 1959 alone, net profits increased over 300%. This rate of growth is, of course, most unusual and while there is no expectation of substantial cash dividend declarations in the immediate future (15 cents paid in 1959), the continued plowback of earnings can create the basis for substantial capital enhancement. Metropolitan Broadcasting common sells at 17 in the Over-the-Counter Market.

In 1958 sales were $14,427,752 and net profits $302,035, or 20 cents a share. For 1959 a modest increase in sales to $16½ million was translated into a big size in net profits to $1,416,108, equal to 91 cents a share. The projection for 1960 is an exciting one. By virtue of the new properties, added sales are expected to reach the $40 million level and net on the present 1,700,000 shares after heavy depreciation and interest charges has been estimated at $1.25, up 34 cents over last year. Assimilation of these new divisions and streamlining the operating efficiency within them should result in a significant further gain in net earnings for 1961.

Metropolitan Broadcasing has as its ultimate goal the owning and operation of the maximum permitted to a group of stations under existing Federal Communications Commission regulations. This maximum is seven radio stations, five VHF television stations and two UHF television stations.

The recent election pointed up, as never before, the vital place of TV in our lives. Metropolitan Broadcasting Corporation is strategically situated in this vibrant industry. It has the management, the drive, the outlets and the imagination conducive to sustained growth and substantial corporate achievement. In radio, TV or outdoor advertising it is uniquely equipped to deliver sales messages both effectively and profitably.

## Joins Stewart, Eubanks

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—Andrew J. Swedlund has joined the staff of Stewart, Eubanks, Meyerson & Co., 216 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Swedlund was formerly with Irving Lundborg & Co.

# NSTA NOTES

**INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA**

**The Investment Traders Association of Philadelphia held its Eighth Annual Dinner Dance November 12 at the Germantown Cricket Club. This year's affair, with the largest attendance on record (over a hundred couples), was pronounced a rousing success.**

Willard F. Rice

John D. Wallingford

**John D. Wallingford, Hecker & Co., was Chairman of the Dance Committee, Willard F. Rice, Eastman Dillon, Union Securities & Co., is President of ITA.**

**The ITA Players, Samuel Kennedy, Yarnall, Biddle & Co.; Gerald Santucci, New York Hanseatic Corporation; William Radetsky, New York Hanseatic Corporation; Harry Greene, Merrill Lynch, Pierce, Fenner & Smith Incorporated; Willard Rice, Fred Knob, White, Weld, & Co.; Edward Knob, Drexel & Co.; Andrew Pimley, First Boston Corporation; Herbert Beattie, H. A. Riecke & Co., Inc.; and George Durang, Merrill Lynch, Pierce, Fenner & Smith Incorporated, presented a memorable floor show.**

**KANSAS CITY SECURITY TRADERS ASSOCIATION**

**The Kansas City Security Traders Association will hold their Annual Winter Dinner, Thursday, December 8, at the Phillips Hotel. Tariff for members and guests is $15 each.**

## Customer Brokers Portfolio Forum

The Association of Customers' Brokers of New York will hold an educational meeting on Nov. 22 at 4 p.m. at the New York Society of Security Analysts, 15 William St.

Subject of the meeting will be "Improving the Portfolio for the 1961 Economy," with special attention to attractive securities which may be used to solve current tax-switching problems.

Speakers will be David Norr, Burnham & Co.; Leslie Fourton, Hayden, Stone & Co., and M. C. Fergenson, L. F. Rothschild & Co.

The meeting is restricted to members and prospective members who have already submitted application for membership.

## With J. Cliff Rahel

(Special to The Financial Chronicle)

OMAHA, Neb.—Ernest J. Thompson has been added to the staff of J. Cliff Rahel & Co., First National Bank Building.

# The Business Cycle Outlook And Money Market in 1961

*By* R. M. Nolen,* *Professor of Finance, University of Illinois, Urbana, Ill.*

**Finance economist disagrees with Bernard Baruch's recent warning that we are on the verge of another severe depression. From his survey of the gamut of economic indicators, Professor Nolen concludes we are in a recession, undergoing a business readjustment which is hardly likely to be followed by a "serious" recession. He suspects the upturn will be slower than most people think and, after reviewing recent central banking moves, suggests we could stand a more active anti-recessionary Federal Reserve policy. The money market in 1961 is expected to remain relatively easy, and interest rates will find a lower level than in 1960.**

In October, 1959, my forecasts before the Illinois Bankers Conference for 1960 were:

(1) The economy should reach an all-time high in early 1960, but that the business boom would level off or turndownward in the latter half of 1960.

R. M. Nolen

(2) That prices should not move upward much in 1960 if the Treasury was able to maintain a balanced budget.

(3) That foreign competition would be a strong force for price cutting in some commodities.

(4) That stock prices were high in relation to their profit outlook.

The year of 1959 was somewhat abnormal because of the inventory accumulation in the first half in anticipation of the steel strike, and then the slow-down in the second half as a result of the strike.

1960, also, has been colored by the steel strike. We had a boom in the first quarter, large accumulation of inventory, and then leveled off and moved slightly downward in the summer months.

We are on a high plateau, and 1961 is highly uncertain; we may continue on this level, or we may rise or fall. Some economists and businessmen have predicted a severe recession, but most have forecast a very mild recession.

The review of the 1929 break by Bernard M. Baruch, in the *Saturday Evening Post*, has left some impression that we may be on the verge of another severe depression.

### Recession Or Depression

There is not much evidence that we likely will have a severe depression and certainly we are not approaching the 1929 situation. When we examine our economy there are a number of factors in the economy that are quite strong.

The G.N.P. (goods and services produced) rose 10% in 1959 to reach $484 billion and then rose to a high of $505 billion early in 1960. During the summer months G.N.P. leveled off and does not show much sign of rising in later 1960.

Personal income moved upward from $360 billion in 1958 to $390 billion in late 1959 (after the steel strike) and then moved steadily upward during 1960 to a new high of over $407 billion in September, a 5% increase over 1959. The higher personal income is a very strong factor in the economy. With consumer prices remaining stable or declining slightly, consumer buying power should support a high level of production and employment.

Industrial production has not followed the usual pattern for the last two years. Total industrial production increased 20% from the low of 1958 to the high of 1959. After the settlement of the steel strike, industrial production reached a new all time high of 110 (1957=100) in February, 1960, and has declined slowly to an index of 107 (a 3% drop) by August, 1960. The major drop was in primary and fabricated metals.

Industrial production declined 1% in August primarily in consumer goods. There are indications that the fourth quarter may not experience the usual seasonal rise. September did not show the usual fall upturn.

The major drop in industrial production was in automobile production, and this should be reversed for the next six months or more. Production of home appliances and goods is still declining, but production of radios and television sets have been rising.

The steel industry in the United States has been operating at close to 55% of capacity during the Summer of 1960. After the strike of 1959, the first quarter of 1960 was near capacity, but for the entire year of 1960 the output of steel should be close to 105 million tons, compared to 94 million tons in 1959 and 117 million in 1955, the all time high.

**Employment:** The total number of persons employed in the United States reached an all-time high of 68.8 million in June, 1960, but declined almost 500,000 in the summer months. Employment increased by 400,000 in September and should move upward in the last four months of 1960. The number of unemployed was 3.7 million (5.9% of the labor force) in August. This was a little larger number than the 5.4% for the same period in 1959. But unemployment fell to 3.4 million in September (5.7%). Average weekly earnings declined from $91.6 in June to $90.1 (about 1%) in August, but were still about 1% above August, 1959.

**Department Store Sales:** For the first eight months of 1960, department store sales averaged some 2% above 1959, but during September dropped slightly under September, 1959. If personal income remains high, sales should increase during the next eight months. 1960 Christmas sales should be 2 or 3% above 1959.

**Prices:** Wholesale prices have remained practically stable for the last two years. Some products such as lumber, metals, and leather declined in 1960.

Consumer prices rose about 1.5% during the first half of 1960 and have been stable the last half.

Although incomes are up in the United States, consumers are price conscious and are searching for better values. Price reductions will increase buying power, and some prices have declined, but the general average has remained very stable; housing, education, medical care and services are still rising, but foods are close to the 1958 level.

One of the strong factors in the outlook for 1961 is that inflation has been checked for the last two years and that competition is bringing better bargains for the consumer.

**Consumer Credit:** Total consumer credit reached a new high of $53.6 billion in July, 1960. This was $5 billion above July, 1959, but was only $3 billion above the average of 1959.

Instalment credit reached a new high of $41 billion in July, 1960; $5 billion above July, 1959, and $2 billion above the average of the previous year. The major increase was in automobile, paper, and personal loans.

Although this is a new high in instalment credit, it is now much above 10% of the G. N. P. and should not prove dangerous to the economy. Consumers in the third quarter of 1960 have been reducing loans faster than last year and are making less installment debt.

**Construction:** Total expenditures for construction in 1960 will probably be close to $54.5 billion compared to $56 billion in 1959, a decline of close to 3%. Public construction for military highways and utilities remained close to the 1959 level of $16 billion.

Business construction is upward and will probably reach a new high of over $12 billion for 1960 (an increase of 10% over 1959).

Residential construction in 1960 has been close to 20% under 1959. The number of units constructed will probably be near 1.1 million compared to 1.4 million in 1959. Dollar value of residential construction will probably be close to $22 billion compared to $24.5 billion in 1959.

### Spending in the Public Sector

State and Local Government Spending. Spending by state and local government has been rising steadily, taxes and borrowing by these units have both been increasing and will likely continue.

State and local bond issues will probably total more than $7.7 billion in 1960 for a new record of borrowing. The outlook for 1961 is upward. The needs for educational programs, roads, and public utilities will be upward and the amounts of funds being approved by voters has been rising.

**Inventories:** Inventories of manufactures, wholesalers, and retailers totaled $931 billion in June, 1960. This was some $4 billion greater than the 1959 inventories, but it does not seem to be too large.

Inventories declined in July and August, but the decline was less than 1% and was primarily the summer clean-up of automobiles.

**Money Supply:** The Federal reserve maintained a rather tight money policy until the summer of 1960. Total demand deposits and currency increased about 3% per year from 1953 to 1956; then during the tight money policy of 1957 increased less than 1%; during the recovery period of 1958 it increased 4%. In 1959 the money supply increased about $2 billion (1½%) to a new high of $141 billion. The total demand deposits and currency in 1960 decreased over $2 billion to a total of $138.2 billion in June a decrease of 1½% over June, 1959.

An easier money policy by the Federal Reserve instituted in summer of 1960 should result in an increase in the money supply in late 1960 and in 1961.

The stock market boom of 1959 and the first quarter of 1960 was based primarily on the fear of inflation and not on real production and economic growth. The all time high of 685 (Dow-Jones Industrial average) placed the yields on industrial stocks well below that on high grade bonds. The earnings of business did not justify the high price paid for many stocks in the last two years.

### Conclusions—"No Boom or Bust in 1961"

(1) Business is undergoing an adjustment, but this adjustment should be made without a **serious** recession. Inventories, except in a few lines, are not excessive and personal income is still rising.

The U. S. economy is operating at a more normal level than at any time in the postwar period. There seems to be few factors that favor a **boom** or a **serious recession.**

(2) Inflation (a general rise in prices) is not likely in the near future unless government deficits run **very large.** There are no shortages of materials or finished goods, and competition will tend to push prices downward and not upward. Some prices should fall in 1961; especially in the large, decreasing costs industries, (durable goods). We have not been passing the efficiency of production on to consumers in many lines, but competition is forcing some prices downward in line with lower costs of production. This should not cause unemployment; it should increase consumption. The volume of business is likely to increase, but profits are likely to be squeezed.

(3) Stock prices averaged close to 20 times earnings in 1959 and even after the decline in 1960 are averaging close to 18 times earnings. The profit outlook does not seem to justify the present high price of many stocks. Inflation will not likely protect profit margins in the near future.

(4) The postwar boom in residential construction has leveled off and it may be several years before we have another 1.4 million units constructed in one year.

(5) State and local government construction will continue to rise for years ahead and may more than offset the drop in private construction.

I am confident of the long-run growth in the U. S., but profits will not necessarily move up with sales.

### Easier Money in 1960

The Federal Reserve moved toward an easier credit policy in 1960. The reserve position of member banks was eased in the first quarter and was eased more in the second quarter of 1960. Net borrowed reserves (excess reserves minus borrowing from the Federal Reserve) decreased from $219 million in March to $33 million in May.

During July, August, and September, the reserve position of member banks was gradually eased. Net free reserve rose from $115 million in July to $225 million in August.

The rediscount rate was reduced from 4% to 3½% in June,

1960, and the reserve position of member banks was eased, and the Federal Reserve definitely moved toward easier money.

Effective July 28 stock margin requirements were reduced from 90% to 70%.

From June to September, the Federal Reserve increased their holdings of U. S. securities by $561 million, free reserves of banks increased from $41 million to $344. Member banks borrowing from the Federal Reserve fell by $209 and special reserves rose to $184 million.

In August the rediscount rate was lowered again from 3½% to 3%.

In August, 1960, the Federal Reserve system announced several liberalizing actions on member bank reserves.

**First:** Since August, country banks may include in their reserve vault cash in excess of 2½% (instead of 4%) of their net demand deposits, and after Sept. 1, reserve city banks and central reserve city banks may count as reserves vault cash in excess of 1% (instead of 2%) of their net demand deposits. These actions freed close to $600,000 reserve for the banks, on which they could expand credit by some five times that amount.

**Second:** Effective since Sept. 1, the reserve requirements against net demand deposits were reduced from 18 to 17½% for central reserve city banks.

Treasury bills reached a high of 4½% in late 1959 and then declined steadily in 1960 to near a 2.5% rate by September.

Bond yields have declined, but at a much slower rate than the short-term governments.

Commercial bank credit eased during June, July, and August. The rate paid for Federal funds declined from 4¼% to near 3%.

Leading New York commercial banks lowered the prime lending rates from 5% to 4½%.

Bank loans have continued to expand, but not as fast as expected with their easier reserves. This may be partially explained by the banks holding the 4 and 5% short-term treasuries and not converting to commercial loans.

Mortgage money in the fall of 1960 is much easier than it was a year ago, but the interest rate is still above 6%, down from a high of near 6.5% (September yields on F. H. A. mortgages were 6.13).

Today the money market is much easier than during late 1959 and early 1960, but the easing has been moderate and the money market has remained relatively tighter than most economists expected. The Federal Reserve is still maintaining a firm control on credit expansion.

**Recent Credit Easing Measures**

The Federal Reserve authorities announced (on Oct. 26) three actions which will release some required reserves of member banks and allow some credit expansion.

(1) On Nov. 24 all of the member banks (6,200 banks) will be allowed to count the coins and currency in their vaults as part of their required reserves.

(2) But the required reserves of country banks will be increased from 11% to 12%. This will partially offset the reserves given by the above action. The two actions should increase country bank net reserves by over $500 million.

The reserves of the reserve city banks should be increased by close to $400 million.

(3) Starting Dec. 1, 1960 reserve requirements of central reserve city banks (New York and Chicago) will be dropped from 17½% to 16½%. This and the use of vault cash as reserve should release close to $400 million of required reserves for central reserve city banks.

Federal Reserve officials estimated that the three actions will increase member bank reserves by nearly $1.3 billion. But nearly $1 billion will probably be withdrawn from the banks in cash for Thanksgiving and Christmas needs, hence the net increase in member bank reserves that can be used for loans and investments is only $0.3 billion. Member banks under the present reserve requirements can increase their loans by over six times the $0.3 billion or near $2 billion in total loans and investments if cash withdrawals do not run over $1 billion.

The Federal Reserve Board seems to feel that inflationary pressures are lessening, but there is not much evidence that they are not pursuing an active anti-recession policy. The Federal Reserve seems to be confident that the recession will not become serious.

The yield on treasury bills has been declining and the interest rates have been easing on prime commercial paper and on mortgage money.

Although I see "no boom or bust" in 1961, we are in a recession and the upturn may be slower than many people think. Since inflationary pressures are less significant, I think the Federal Reserve could institute a more active anti-recessionary policy.

**The Money Market in 1961**

My forecast for funds for 1959 was too moderate and interest rates moved higher than expected. For 1960 my forecast was a little too high in mortgage credit.

For 1961, the demand for credit should remain high.

Capital expenditures of corporations have been running close to $37 billion annually. It seems to be running close to $36 billion for 1960 and will probably be close to that total for 1961.

Corporations have been using internal funds (retained profits and depreciation allowances) of close to $30 billion and have been borrowing close to $7 billion for 1960. If that figure is maintained, we can expect long-term borrowing by corporations to be close to $7 billion in 1961.

Government spending. Federal Government spending will likely continue close to the 1960 rate. Expenditures are expected to be close to $80.4 billion, income $81.5 billion, and a surplus close to $1 billion for the fiscal year of 1961. But the present income is below expectations and spending will likely be above the $80.4 billion, hence little or no surplus can be expected in the 1961 budget.

Personal savings of the people were close to $23 billion in 1959, and the 1960 savings will probably be above that figure, close to $24.5 billion. Savings in 1961 will probably average close to $24.5 billion.

Total demand for funds on the money market will probably run close to:

$9 billion for state and local government; $8 billion for mortgage finance; $3 billion for installment loans; $9 billion for corporate borrowing; $1 billion for inventory accumulation, and making $30 billion (or more) total.

If the demand for funds reaches $30.5 billion, the commercial banks will need to increase the money supply by some $5.5 billion (about 3½%).

During 1959, loans by commercial banks increased over $10 billion. This was slightly under the 1955 boom, but was above all other years in the postwar period.

So far in 1960, loans have increased a little over $5 billion, but will probably move up in the last quarter.

The Federal Reserve authorities will be in control of the money market and can make funds available at the rate they consider the best for the nation. They will not be forced to support the Treasury and they can control the price of credit in line with monetary needs.

At the present time the outlook is for the money market to remain relatively easy and for interest rates and yields to find a lower level in 1961.

**The Federal Reserve and "Tight Money"**

Many economists and businessmen have been critical of the "tight money" policy of our monetary authorities, but the demand for capital has been running in excess of savings in most countries since the early forties. The monetary authorities have allowed "created money" to supply funds for expansion, but this has been too fast in most countries and has allowed inflation. Inflation is a method of forced savings on those whose incomes do not rise with prices.

Most of the countries have been more stringent in their control of inflation in the last two years and have had tighter money than the U. S. The prime rate of interest is lower in the U. S. than in most of the major money markets: Japan and much of South America, 9%; Germany, 7%; England, 6%. Twenty-one countries had prime rates 7% or above, and thirty-three countries had rates from 5% to 7%.

There are indications that interest rates will decline in some nations in the next few months. Canada is experiencing a recession and is easing the money market. The Bank rate (rediscount rate) in England was reduced from 6% to 5% in October.

The boom in England and Germany seems to have topped out, and their economies may be in recession. Competition is becoming more active for world markets. Canada is in a recession that seems to be more severe than was expected, and Canada seems to be pursuing an active anti-recessionary policy.

Many economists and financial men think that the Federal Reserve was right in holding tight in 1959, and that in restraining inflation, speculation, and consumer credit they held the economy more in balance. Hence, we have less adjustment to make in 1960-1961 and that with the easier money in 1960-1961 the economy should expand. I think the Federal Reserve should ease the money market more actively in the next two quarters.

*An updated address by Prof. Nolen before the Illinois Bankers Conference, Oct. 25, 1960.

# Dinner to Honor Wall St. Men

Leading members of New York's financial community are serving on the committee planning the dinner in honor of Harold H. Helm, Chairman of the Board of the Chemical Bank New York Trust Co.; Christopher J. Devine of C. J. Devine & Co.; and Gustave L. Levy of Goldman, Sachs & Co., to be held on Monday, Nov. 21, at the Waldorf-Astoria.

William H. Moore, Board Chairman of the Bankers Trust Co., is chairman of the $50 per plate event sponsored for the benefit of the National Conference of Christians and Jews.

The dinner will be one of the major events to be held this year in New York City in celebration of the 32nd anniversary of the brotherhood organization which was founded in 1928.

Serving on the committee are H. Harold Bach, John E. Barrett, Walter Benedick, Fred H. Brockett, I. W. Burnham, II, Benjamin J. Buttenweiser, Henry I. Cobb, Jr., John A. Coleman, James Coggeshall, Jr., Arthur O. Dietz, Donald M. Elliman, G. Keith Funston, J. L. Gitterman, Jr., Horace W. Goldsmith, Robert L. Harter, Philip Hettleman, Howard C. Hirsch, Leonard A. Hockstader, Ralph Hornblower, Jr., Roscoe C. Ingalls, S. M. Kellen, Joseph Klingenstein, Stephen A. Koshland, Thomas A. Larkin, George Leib.

Also Samuel D. Leidesdorf, Benjamin J. Levy, Jerome Lewine, John L. Loeb, V. Theodore Low, Otto Marx, Lloyd W. Mason, Harold C. Mayer, Michael W. McCarthy, Clarence G. Michalis, Arthur J. Morris, George A. Murphy, Morris Newburger, Leif H. Olsen, Bernard G. Palitz, Clarance Palitz, Jr., Mrs. Josephine Bay Paul, Perry R. Pease, Bayard Pope, John J. Rust, Morris A. Schapiro, Dale E. Sharp, Albert C. Simmonds, Jr., Milton Steinbach, Charles J. Stewart, Ralph S. Stillman, Walter W. Stokes, Jr.

Also Jacob C. Stone, Robert L. Stott, George C. Textor, Homer A. Vilas, V. C. Walston, Bradford A. Warner, John Wasserman and Paul S. Zuckerman.

# Kramer Officer Of Wm. St. Fund

John S. Kramer has been elected Vice-President and Secretary of The One William Street Fund, Inc., 1 William Street, New York City, Dorsey Richardson, President, announced.

John S. Kramer

A graduate of Columbia College and Columbia University Law School, Mr. Kramer was most recently associated with Channing Corporation as General Counsel and as Secretary and General Counsel with its Institutional Shares, Ltd. He had joined Channing following an association with Davies, Hardy and Schenck, attorneys, New York City.

**Form Retirement Inc.**

WASHINGTON, D. C. — Retirement Inc. has been formed with offices at 917 Fifteen St., N. W. to engage in a securities business. Officers are Charles F. Suter, President; John C. McEntee, Vice-President, and Margaret F. Suter, Secretary-Treasurer.

# Canada's Uranium Industry —Problems and Prospects

By Hon. Robert H. Winters, *President, Rio Tinto Mines, Toronto, Canada*

**An analysis of the uranium industry's problems, difficulties and prospects concludes on a note of optimism about the long-term future. In the next few years a narrowing group of highly efficient mining operators are expected to obtain satisfactory returns on their fixed price government contracts. It is the medium term ahead, around 1965-'70, that prompts concern. Mr. Winters takes note of the efforts being made to accelerate non-nuclear uranium research and to achieve diversification to help bridge the demand gap which he assumes will last until the beginning of the next decade. Our country is chastised for pursuing a not too honorable role which is attributed to be one of the reasons for the industry's plight, and the hope is voiced that over-all nuclear power costs will equal or go below the cost of conventional stations.**

Canada's growth and our prospects of future prosperity must be based on a broad foundation. Included among the ingredients are man-power, availability of money, taxation, our tariff policies, education, defense policies, solution of regional problems and a wide variety of other facets which comprise the whole complex of our diverse economy. But we have no better guarantee of an assured future than in the wealth of our natural resources, with which we are plenteously endowed. The key to our prosperity is in the manner in which we develop and use them. If we are both wise and patient then resources can mean a better standard of living for all Canadians.

R. H. Winters

Now among our mineral resources is one that presents more than usual promise if we are prepared to exercise the patience to which I just referred. It is uranium and I would like to indicate something about it.

Before considering some of the present problems of Canada's uranium industry and its prospects in the longer term, I think a brief reference to its history might be useful, in order to put matters into perspective.

Early commercial production of uranium received its impetus during the second world war from the American Manhattan Project, which combined the genius of scientists from several countries to develop the first atomic bomb. Canadian uranium was then produced and shipped to the United States from the small but rich Port Radium deposit on Great Bear Lake. The industry originated as a result of a military need and came under the control of governments from the very beginning.

Such was the scarcity at that time that both the United States and Canadian governments offered considerable financial incentives to prospect for uranium in North America. The initial successes from intensive prospecting campaigns went to Canada, and even today we have here the largest reserves of uranium ore of any nation in the world in terms of tons of contained uranium oxide.

Following Port Radium, which had long been known as a potential source of uranium, new deposits and mines were opened up in the Beaverlodge area of northern Saskatchewan. Further discoveries were made in the Bancroft area of Ontario, and then, in the early nineteen fifties, the most significant discovery of all took place—that of the huge deposits of the Blind River-Algoma area near the north shore of Lake Huron.

Meanwhile, American prospectors made some finds but because of the development of international tensions following the war, the American discoveries alone were considered to be inadequate to provide material over a long period for the "massive nuclear deterrent" on which current Western defense policy is based. Hence, the Americans, and in particular their Atomic Energy Commission, were most anxious to contract for as much foreign material as they could obtain. In the meantime, the Atomic Energy Commission had already concluded long-term contracts, on an inter-governmental basis, with Belgian Congo, South African and Australian producers as well as with their own domestic operators and the earlier Canadian mines.

The contracts concluded with the Blind River-Algoma companies were the last of the foreign contracts to be entered into by the U. S. Atomic Energy Commission and were easily the largest, having an original value of $1.7 billion. They were for a five-year term, and at a price for uranium oxide deemed sufficient to permit a complete return within that period of the very large capital sums needed to be invested, plus a reasonable profit margin.

While it was recognized at the time of entering into these contracts that the Blind River deposits themselves were sufficiently large to ensure the Americans of long-term continuity of supply, the view was universally held that the mineral would continue to be scarce, and hence the Americans had clauses inserted in the contracts giving them an option to renew and to take additional material, after the contracts expired.

### Options Not Taken Up

From a joint announcement made by the U. S. and Canadian governments on Nov. 6 last year, the Canadian industry learned for the first time that the Americans had decided not to renew any of the contracts, all of which were due to expire in 1962 and 1963.

The impact of this decision was severe. It affected both the uranium producers, the employees in the industry and the Canadian economy as a whole. Over $400 million had been invested in the Blind River field alone. Anticipating a secure long-term future for the industry, both the private companies and the Federal and Provincial governments had poured money into the area, the private companies building mines and mills, and government and private enterprise erecting a town —Elliot Lake—which was developed as a model municipality—an example of what a mid-twentieth century mining town should be. Municipal services in Elliot Lake are generally superior even to those of most of our newer Toronto suburbs, in terms of such things as paved streets, sidewalks, underground sewage disposal and buried power lines.

As for the companies, the blow fell when most of them still engaged in amortizing enormous amounts of funded debt. We have here a situation that must be unique in Canadian history. An illustration of what I mean is Northspan Uranium Mines Limited which consisted of three mining properties built and developed at a cost of more than $100 million. They reached full production only in 1959. Two of the mines are already closed and by the middle of next year all three properties will be on a care and maintenance basis with their facilities contributing nothing to the Canadian economy. This mining company was financed largely with American funds which now, of course, have to be repaid. Who can argue the validity of this particular development as a proper use of either financial or physical resources?

The economic consequences of the Nov. 6 decision on a national basis were also considerable and still are. In 1959, the uranium industry earned over $320 million in foreign exchange, mainly United States dollars. This sum amounted to over 6% of total Canadian export earnings and some 10%, by value, of our total exports to the United States. For two years, 1958 and 1959, uranium had been Canada's top mineral export earner. The human consequences in the uranium producing areas are also very considerable.

### Uranium Oversupply

Why did the Americans and the British—for they were involved too—decide not to take more of Canada's uranium than already contracted for? A brief glance at developments within the United States provides the answer. At about the time when plans were already laid to mine the Blind River ore, significant deposits were discovered in New Mexico, which vastly improved the ore reserves' picture in the United States. Plans were immediately made to develop these deposits and they are now in full production.

More recently, significant new deposits have also been discovered in the Shirley Basin area of Wyoming, the development of which is being considered now. Moreover, intensive prospecting elsewhere in the world has led to further discoveries, none of which is of the same importance as that of the Blind River deposits, but some, such as those in Metropolitan France, are of considerable significance in the present state of global supply and demand. Essentially, therefore, in the space of a very few years, uranium has moved from a position of acute shortage to one of considerable oversupply. Evidently, the existence of workable economic deposits of this vital material is much more widespread than had previously been supposed.

### Protection in An Extreme Form

Private producers in Canada were, of course, well aware of this change of circumstances in the over-all supply-demand position. However, we did believe, wrongly as it turned out, that the Americans would exercise their options, at least in part, on a combination of moral, political, diplomatic and common defense grounds, as they were directly responsible for our getting into the business on such a large and expensive scale to meet their own defense needs. Moreover, we find it difficult to accept the fact that the U. S. A. E. C. extended new contracts to several of their domestic producers after they cut us off on the grounds of over-supply; and in fact they are still doing so. This is a form of protectionism which amounts to complete exclusion of a foreign product. It has the effect of an enormous tariff wall. We believe that Canadian producers should be given the opportunity at least of competing for any of this additional poundage.

In lieu of exercising their options the A. E. C. and Eldorado did agree to let Canadian producers stretch out deliveries under existing contracts beyond the present expiry dates, and up to a final limit of Nov. 30, 1966. This has presented us with a considerable legacy of problems which we are now in the process of solving, but at the same time it has given the industry a much needed measure of flexibility. It's an ill wind indeed that blows no man good!

It is probably true to say that there was need of some reorganization—though not on such a drastic scale—even if the options had been exercised in full. Of the many companies which had individual sales contracts, a few had not lived up to their original expectations. Among these were cases of capital overruns and poorer than expected operating returns, seriously imperilling their ability to repay debt obligations. There were also cases of individual ore reserves becoming depleted well in advance of oxide delivery commitments.

A number of amalgamations of companies has taken place since the Nov. 6 announcement and the whole industry is, in fact, shaking down to a fairly hard core consisting of the most productive operations. Extensions of operating life, through the acquisition of outside contracts have been achieved by the Eldorado and Gunnar mines in the Beaverlodge area, and by the Rio Tinto and Denison mines in the Elliot Lake area. The net result in the over-all Canadian picture as I understand it at present is that the Port Radium mine has ceased to operate, two mines and mills remain operating in the Beaverlodge area, seven of the 11 original integrated mining and milling operations are still running in the Elliot Lake area, with two more to close in the near future, and two mines and mills in the Bancroft area will run at least until the normal expiry of their contracts. The decline which has already taken place this year in over-all uranium production is now showing up in our foreign trade returns, which amounts to $181,512,000 in August of this year compared with $203,483,000 in August, 1959.

In fact, on the basis of present contracts there is only enough poundage left to ensure that at the beginning of 1966 there will be only one uranium mine and mill left operating in Canada. The others will be closed in the intervening period unless there are additional orders. I emphasize here that I am speaking only of current government orders. Any additional orders from government or private enterprise will improve the picture and we are bending every effort in that direction.

### Further Prospects

What of the prospects after 1966? While one of the difficulties of forecasting demand is the secrecy attaching to military procurement programs, it is generally acknowledged that the Americans already have large stockpiles of highly enriched fissile uranium for nuclear weapons purposes. Nuclear power programs, and uranium procurement for these, on the other hand, are rapidly moving outside strictly governmental control and into the hands of private industry. Our other principal buyer, the United Kingdom Atomic Energy Authority, which takes little more than 10% of our total uranium exports, has announced publicly that it is considerably overstocked with

uranium, and overcommitted on future supplies for the next several years. Moreover, as far as the Americans are concerned, they can be regarded virtually as self-sufficient in uranium, at least for the next 10 years.

The alternative market to uranium for weapons is that provided by the private users—in effect the builders and operators of nuclear power stations. Here again, progress in building such stations has not been as rapid as originally expected. The problem is not so much technical as economic, although technical improvements will eventually pave the way towards better economics.

Nuclear power as such has already proven itself. Several different reactor types have been built, some of them larger than the average conventional power stations; they have worked and are working with great efficiency. So far, however, none of them has reached what is called "the economic threshold"—that is, none of them is fully competitive with conventional-type stations, at least in heavily populated, industrialized areas. Ability to compete economically with conventional stations is the prime target of all national nuclear power programs throughout the world, and there is no doubt that this target will be reached. There is room for cost saving all the way down the line.

So far, under the pressures of an extremely competitive open market for uranium, mill precipitate and natural uranium refinery products, prices for these materials have already been substantially reduced. However, appreciable savings are still possible, and likely, in fuel element manufacturing, as such elements become more standardized, and even more so in the capital costs of building reactors, as more experience is gained and as more standardized components and parts are manufactured. Progressively more efficient utilization of uranium fuel inside reactors will also inevitably lower the fueling costs, though this will also have the effect of reducing the amount of uranium used up inside reactors over given periods of time.

The big question for uranium miners is when will all these economies reduce over-all nuclear power costs to, or below, the level of the costs of conventional stations. The Americans now forecast competitive nuclear power in certain high-cost areas of the United States by 1968. The British expect to reach their target somewhat earlier, as present costs of generating electricity in Britain are higher than in the United States. In Canada, it is hoped that the 200 electrical megawatt CANDU reactor, scheduled to go into operation in 1964, will supply electricity in Ontario in a competitive economic basis.

However, apart from the United Kingdom, where the national nuclear program, although scaled down from previous targets, is already committed to the building of a series of large nuclear stations, there has been a switch to a policy of constructing smaller prototype plants to avoid heavy capital outlays and to gain more operating experience, in anticipation of competitive nuclear power in the fairly near term. Such smaller reactors, of course, consume much less uranium than the large ones. As an indication of the orders of magnitude involved, the initial charge of Canada's first full scale nuclear power station, the CANDU, will reportedly amount to only about 100 tons of uranium oxide in concentrate, and an annual replacement charge of about 25 tons. One single typical mill in the Elliot Lake area can produce the 100 tons of oxide needed for the initial charge in about a month.

It is obvious, therefore, that we are going to need a lot of CANDUs in Canada and throughout the rest of the world to take all the uranium our mines can produce, not to mention the mines of our foreign competitors, to maintain a viable uranium industry. In the long run, of course, there will be a progressive rise in demand as reactors already built require annual fuel replacement charges, in addition to the initial charges of newly built plants. However, present indications are that there are just not enough large reactors in existence, actually building or planned for the next 10 years, to need anything like the present world capacity to produce uranium. In short, the demand gap appears likely to last at least until the beginning of the next decade.

**Research**

Is there anything the private producers of uranium can do to bridge this gap? Until comparatively recently, when the word "shortage" was always associated with uranium, there was not much incentive to investigate possible alternative uses. There was even some fear that in view of the extensive military programs, there would be insufficient uranium available for civilian reactor programs. This view of the supply situation was in no small measure responsible for the formation of such bodies as the International Atomic Energy Agency and the Euratom Supply Agency, which were conceived, the former partly, and the latter wholly, as central suppliers of a scarce material on an equitable basis.

Today, the supply situation is so changed that we need to find new uses, in order to develop broader markets for our present productive capacity. Research only recently initiated for the reasons mentioned has already provided grounds for encouragement. For example, it has indicated that uranium added in small amounts to steel improves certain characteristics of that basic metal. This, of course, is a non-nuclear use of the uranium. Much more research work of this nature needs to be done, but a useful start has already been made.

The Canadian uranium producers, acting in concert, are in the process of forming a Uranium Research Foundation, which will spend appreciable sums on research over the next few years, some of which will be conducted in collaboration with various government departments. Mr. Gilbert Labine is President of the Foundation and a research team is already at work.

**Long Term Optimism**

I think it fair to say that none of the present producing campanies is anything but optimistic about the long-term future, but it is also true to say that we are concerned about the medium term, or in particular the last five years or so of the present decade. As a matter of business prudence, therefore, I think it may be assumed that most of these companies are now actively seeking ways and means of diversifying their interests. This is true of the Rio Tinto Mining Co. of Canada, which has the largest stake of any in the uranium mining business. By the same token, Rio Tinto confidently expects to continue to be in the uranium mining business indefinitely.

In closing, I should like to state that in stressing the principal difficulties and problems which I consider Canada's uranium industry may have to face now, and for perhaps the next 10 years, I firmly believe that the industry will have to expand again in the more distant future to meet the growing demand for uranium for civilian nuclear power. In the meantime, we still have quite a number of highly efficient mining operations, most of which should provide a satisfactory return on their fixed price contracts for the next few years. If, as seems likely, some more of these will have to close down, through lack of a sufficient market, I am still convinced that we shall maintain indefinitely a sufficiently strong nucleus of a healthy and efficient industry to be in a position to expand again when the inevitable rise in demand occurs.

Good ore in the ground is a valuable asset, especially when it is fully developed and has associated with it the facilities to process it into a salable product. This is the position we are in with uranium. Surpluses present problems but I believe most countries which have chronic scarcities would generally be disposed to regard them as blessings. Our uranium industry will survive the difficult days ahead and live to provide many more jobs for Canadians and revenue for our country in the years to come.

*An address by Mr. Winters before Canadian Institute of Certified Public Accountants, Toronto, Can., Oct. 20, 1960.

# Glore, Forgan to Admit Partners

Glore, Forgan & Co., 45 Wall St., New York City, members of the New York Stock Exchange, on Dec. 1 will admit Amos B. Foy to general and limited partnership.

Charles E. Brown and Philip S. Nelson will also become partners in the firm on the same date.

## Form Delta Management

NEWTON, Mass.—Delta Management Corp. has been formed with offices at 18 Van Roosen Road, to engage in a securities business. Officers are Robert Liberman, President, and John Magee, Treasurer.

## Form LeCort Associates

J. J. LeCort Associates, Inc., has been formed with offices at 150 Broadway, New York City (c/o Harold Fertig, Esq., to engage in a securities business. Officers are Jules Kotler, President, and Ruth Kotler, Secretary-Treasurer.

# THE SECURITY I LIKE BEST...

*Continued from page 2*

concentrates after 1962 and something had to be done to stretch out the period of production and eliminate the weaker producers. But the latter could not be disregarded altogether, as they had valuable sales contracts. The stretch-out is now until 1966.

At present, Rio Algom has about 10 million shares outstanding. In the first nine months of this year it earned $1.79 a share vs. $1.02 last year, on almost the very same sales. It should be noted in the third quarter of 1960, earnings reported at 27c per share vs. 38c last year, are after a special reserve of about 25c this year; so that actual earnings this year are more properly shown as around 50c per share. This year's accomplishment in the third quarter is actually on a smaller volume of production and sales than in the same period last year. This emphasizes the increase in operational efficiency. Elimination of some unprofitable operations accounted for part of the improvement and more efficient methods of mining and refining accounted for the rest. In the year and one-half between June 30, 1959 and December 31, 1960, combined funded debt was reduced from $113 million to $48 million. In the first six months of 1959 and 1960 amortization of plant and equipment and pre-production expenditure amounted to $24 million, thus generating cash to pay off debt. This cash generation and debt reduction is expected to continue until all debt is paid.

Rio Algom has called for redemption on Jan. 1, 1961 of approximately $30 million in bonds of its subsidiary Northspan Uranium.

No dividends are to be paid on the new stock until debt is reduced somewhat below present figures, and it is estimated that some time in 1961 a dividend might again be paid. In the meantime, earnings should continue at least at $2 a year, net, after amortization of that amount, or more. By the termination of the new contract with AEC in 1966, net earnings should come to not less than $11 a share and have been estimated much higher. By that time, all debt will be paid from amortization and plants and mines will be reduced in book value to zero, by depreciation. So, at present prices for the stock, the worst in store would seem to get one's money back in dividends, plus about 50%.

But what of the longer future? Is uranium going out of style as a source of energy? It would seem not. If the AEC overbid for concentrates in the early days of uranium use, in its haste to encourage its mining and refining, the world is bound to set a fair price for this valuable product in the years to come. While no one can now predict what it will be or how much more ore will be found, it is fairly certain that some demand will continue for a long time, and that refining processes will continue to improve. In the main, Rio Algom's ore is of good, if not high quality, and its quantity is deemed to be sufficient to last a long time. The future of its stock may not be spectacular, but its present price still seems quite cheap.

## Form Berger-Derman Inc.

Berger-Derman, Inc. has been formed with offices at 310 East 44th St., New York City, to engage in a securities business. Officers are Nathaniel L. Berger, President; Carl Derman, Vice-President and Secretary, and Stanley H. Forster, Treasurer and Assistant Secretary. Mr. Berger and Mr. Derman were formerly with Glickman Securities Corp.

## Gunn, Carey Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John C. Tucker is now connected with Gunn, Carey & Roulston, Inc., Union Commerce Building, members of the Midwest Stock Exchange.

# Fundamental Considerations About Estate Planning

*By* Milton H. Reuben, *Counselor-at-Law, New York City*

**Attention is focused on some of the fundamentals that should be considered in estate planning prior to consulting with a legal advisor. The author stresses two objectives, one, consideration of family needs and, two, tempering minimization of taxes with fairness to and protection of family members.**

When people give thought to plans for disposal of their property at death, they ordinarily first give consideration to the needs of their immediate family members and other dependents.

Milton H. Reuben

Many of such persons are aware of the heavy toll taken at death by inheritance taxes, and of the fact that estates and estate beneficiaries are subject to income taxes. There are two situations in estate planning that ought to be avoided. One is the making of a will (or the transfer of property during life-time) which is needlessly improvident because of failure of the person to consider the impact of such taxes. Perhaps, his attorney is not well versed in the problems of taxation applicable. The other situation is the person who has given adequate consideration, in fact almost exclusive consideration, to tax economies, but who has failed to make a will that is fair and suited to the needs of members of the family.

There is a vast amount of literature on the subject of estate planning. The purpose of this article is to focus attention on a few fundamentals that a person owning substantial assets should give consideration to, before consulting the attorney whom he chooses to have as his advisor.

**The Extent of Estate Taxes**

Estate or inheritance taxes are computed by taking a percentage of the net taxable estate. We start with what are called the gross taxable assets. Roughly, these include securities, cash, real estate, business interests and other assets standing in the name of the decedent. If there is life insurance upon the life of the decedent evidenced by policies owned by him at the time of his death, whether payable to a named beneficiary or to his estate, such life insurance is added. In addition, there must be included assets jointly owned with another person, such, for example, as a residence or other piece of real estate, bonds, and savings accounts. Certain transfers of property made during life-time become taxable in the estate by reason of the nature of the transfer.

The net estate (called Adjusted Gross Estate) is found by deducting from the gross taxable assets the funeral expenses, debts of the decedent including those in last illness, executors' commissions, attorneys' fees, and other administration expenses.

What is called a "marital deduction" is also available as a deduction in determining the amount of property on which the tax is computed. This marital deduction is a computed amount, allowable when property passes outright at death to a spouse who becomes the sole owner, or property is made subject to ultimate disposal by the spouse by will or deed under circumstances prescribed by the tax laws. This marital deduction may not exceed one-half of such adjusted gross estate.

In addition, each estate is allowed a flat Federal exemption of $60,000, and certain exemptions are permitted in determining the amount of property subject to the New York estate tax.

A few examples in round and approximate figures of the sums involved in Federal and New York State estate taxes appear in the accompanying tabulation.

It must be mentioned that this is not the entire family estate tax bill in the case where the marital deduction is available. Upon the death of the second spouse to die, the assets which escaped taxation because of the marital deduction are then taxed for the first time, if they have not been consumed by the survivor. The estate taxes upon the estate of the survivor may be at least equal to that paid upon the death of the spouse who died first.

If the full marital deduction is allowed in the first estate and the second spouse to die had assets independent of those acquired from the first estate, which assets were acquired either before or after the first death, the tax on the estate of the second spouse to die will probably be higher than that upon the first estate. There are times when it is not wise to plan for the full marital deduction available for that reason. Something less than the full marital deduction or absence of a marital deduction should be planned.

Apart from the over-all saving of taxes by use of the marital deduction, the estate tax payable at the death of the second spouse to die upon the assets constituting the marital deduction may have been deferred for many years. By planning the marital deduction, income of a sizable amount may be earned on the tax so deferred, if the second spouse survives for a long time.

It is possible also to reduce estate taxes on the estate of the surviving spouse if gifts are made by the survivor to or for the benefit of children of the marriage or to other persons. There may be no gift tax to pay, or perhaps, a small gift tax, but if the value of the gift exceeds $3,000, it must be reported.

| Amount of Net or adjusted gross estate before applying marital deductions and before taking Federal $60,000 exemption | Total Federal and N.Y. Estate taxes (if marital deduction is not available) | Total Federal and N. Y. Estate taxes where full marital deduction is available |
|---|---|---|
| *$40,000 | $800 | $400 |
| *60,000 | 1,300 | 600 |
| 75,000 | 2,800 | 750 |
| 100,000 | 7,300 | 1,000 |
| 150,000 | 21,500 | 2,800 |
| 200,000 | 37,500 | 7,300 |
| 300,000 | 69,100 | 21,500 |

*No Federal tax. Only New York Estate Tax applies.

**Income Taxation During Administration**

While the estate is being administered, which may be a year and a half to three years or longer, the income received by the estate is subject to income tax, payable either by the estate, or by the beneficiaries if there has been distribution of income or its

*Continued on page 35*

# FROM WASHINGTON ...Ahead of the News

*BY CARLISLE BARGERON*

There is considerable agitation now for revamping the Electoral College. Undoubtedly some move in that direction will be made next year. Just why the outcome of the recent election should bring on this agitation is something I don't understand. The result would probably not have been any different. Nixon would have gotten some of the electoral votes of New York, Pennsylvania and Illinois, it is true, but he would have lost some of the votes in the states he carried.

It would take one of those IBM computers to figure it out and I don't have one of them handy.

Any proposal to change the college will have hard sledding in the House where there are so many rural votes. State legislatures have been trying for years to balance their membership to give more representation to the cities and they are defeated in every effort by the rural delegations.

Probably what is responsible for the renewed agitation this year is the case of the Mississippi and Alabama delegations. In Mississippi an entire slate of unpledged electors were elected, and in Alabama about half of the state's electors are unpledged.

What is more important is that there are proposals to add about 100,000 employes to the top level positions in the already overwhelming bureaucracy.

There were proposals at the last session to do this, and inasmuch as they were proposed by so called Liberals, it is to be expected that they will receive more sympathetic treatment in the forthcoming session.

Several of them would set-up new Cabinet offices.

One is a proposal by Senator Kefauver of Tennessee to set up a Department of Consumers with Cabinet status.

Another proposal for Cabinet status is a Department of Housing and Metropolitan Affairs. It would deal with the rapid growth of urban and metropolitan areas and the problems resulting therefrom.

The Department of Urbiculture would be set up in another bill. It would reorganize existing Federal programs oriented to metropolitan areas and place them under one roof.

A Department of Mineral Resources would handle problems relating to coal, petroleum and gas, metallic and nonmetallic minerals and mineral patents and leases. Most of these functions are now handled by the Department of the Interior.

A Department of Science and Technology is proposed in another bill to take over functions now performed by the National Science Foundation, the Atomic Energy Commission, National Aeronautics and Space Administration, Bureau of Standards and some segments of the Smithsonian Institution.

A Department of Transportation is also proposed to bring together the Federal Aviation Agency, the Maritime Board, the Maritime Administration, the Bureau of Public Roads, the Defense Air Transportation and other regulatory agencies logically belonging in this department.

The Department of Peace is one that everybody should be for, except that the creation of an agency does not bring peace.

A new government agency has been proposed known as the Bureau of Senior Citizens and another called the United States Office of Aging.

Mr. Eisenhower was no piker when it came to setting up new agencies and enlarging his White House staff. Mr. Kennedy has all sorts of ideas for enlarging upon Mr. Eisenhower's record.

## Philadelphia Secur. Ass'n To Hold Meeting

PHILADELPHIA, Pa.—B. E. Bensinger, President of Brunswick Corp., will be guest speaker at a luncheon meeting of the Philadelphia Securities Association to be held Tuesday, Nov. 22, at Kugler's restaurant, 1339 Chestnut St.

Henry McK. Ingersoll of Smith, Barney & Co. is in charge of arrangements.

## Stanley Associates Opens

ROSLYN, N. Y.—Stanley Associates is conducting a securities business from offices at 17 the Serpentine. Partners are Stanley M. Ulanoff and Bernice M. Ulanoff. Mr. Ulanoff was formerly with First Investors Corp.

## Sellgren, Miller Opens Los Angeles Branch

LOS ANGELES, Calif.—Sellgren, Miller & Co. has opened a branch office at 639 South Spring Street under the management of Paul H. Aschkar.

# Prosperity: Sin or Salvation

*By* Robert W. Sarnoff,* *Chairman of the Board, National Broadcasting Co., Inc., New York City*

**Television executive takes a broad, optimistic view of our economic future, and takes exception to the view that our growing affluence means we are "going soft." Moreover, he rebuts the accusation that advertising is a special villian for stimulating consumer purchases, and points out that only through the growing government revenue from an increasingly affluent society can we best meet our public obligation. Mr. Sarnoff asks that we realize we have been undergoing a marketing revolution wherein the selling function has been shifting from the dealer to the manufacturer. He discerns a more important role for television in tapping the sales potential arising from tomorrow's increasing consumer discretionary income.**

Both the gas industry and broadcasting are big business—complex, vast, highly organized and serving whole industries and communities as well as the individual. Yet it is difficult to think of any other modern enterprises more deeply rooted in the basic nature and needs of the individual human being. Indeed, both our industries spring at bottom from two of the fundamental characteristics that set man apart from the lower animals. One of these is the discovery and use of fire, which you have brought to the most ingenious development of control, scope and application—a development of such refinement that we can now use fire to keep our homes systematically cool.

Robert W. Sarnoff

The other uniquely human trait I have in mind is, of course, language, the ability to communicate in words and pictures. Here broadcasting, and particularly television, has placed man on the technological frontier where he can communicate instantly with a whole continent, and yet do it with the directness and intimacy of one individual speaking to another.

So both of us, we broadcasters and you in the gas industry, come honestly by our essential appeal to the individual. We flourish in this complex society of ours because we succeed in the paradoxical feat of meeting swiftly and responsively the personal needs and desires of individuals on a scale more massive than any in history.

### New Economic Horizons

And now that scale is to be dwarfed. On the economic and statistical signposts to the decade of the Sixties, the graphs point dramatically upward. Millions of new consumers — perhaps 40 million more by 1970; millions of new American households — an estimated 10 million more; billions of dollars in increased national output — upwards of 200 billion more by the end of the decade. Greater productivity and personal income, yet greater leisure — an economy of comfort and abundance in which poverty will at last become obsolete.

So the experts tell us, and while prophecy is a hazardous business, certainly the performance of our economy in the last decade seems a persuasive prologue to an era of unmatched prosperity. For the decade ahead, the economists predict our gross national product will increase at a rate even faster than during the past 10 years. And the new decade will experience a greater surge in population growth and in enormous outlays for research and development to open new economic horizons.

In fact, American industry in the Sixties is expected to spend $120 billion on research and development—just twice what was spent in the decade behind us. Consider some of the new products and services, the scientific and technological milestones, which emerged in the last ten years: synthetic fibres, such as Orlon and Dacron, and synthetic diamonds; transistors and transatlantic jet planes; the Salk vaccine and stereophonic sound; cloud seeding, computers and color television; automation and aluminum wrap—not to mention the first thermonuclear explosion, the first man-made satellites, the first supersonic flight, the first nuclear-powered submarine.

The decade just past also saw the birth of coast-to-coast network television, which is a textbook example of the amazing growth potential in our modern economy. As the Fifties began, there were only 1,000,000 television sets in American homes. Today there are more than 52 million. As the Fifties began, the country had 51 television stations. Today there are 582. In 1949, advertisers spent about $58 million on television; last year they spent $1.5 billion. The public now pays $3 billion a year for receiving sets and their maintenance. (I'm afraid they all run by electricity, but I understand the gas industry has in development an all-gas furnace that can generate its own electricity, so some of the TV sets of the future may be powered by the gas network as well as mine.)

Much of television's growth and development is still ahead of us. In the next 10 years, we expect to add upwards of 25 million sets to our circulation, not counting the replacements. We expect a sharp upturn in color set circulation, which will really come into its own in the Sixties. Before the decade is over, we look for international transmission via space satellites; and for mural television —a thin, flat screen, to be hung on the wall like a painting and operated from a small box beside your chair.

From the standpoint of the American economy in this new era of growth, broadcasting will play an especially significant role, as it has done in the decade through which we have just passed. It has not only grown dramatically itself; it has served as a stimulant and catalyst for the growth of the whole economy, because it is a merchandising force of unprecedented reach, impact and speed.

### Marketing Revolution

To understand the importance of this role, we must realize we have been undergoing a revolution in marketing: the selling function in the American economy has been shifting from the dealer to the manufacturer. In the past, it was the dealer who largely helped to develop the manufacturer's market and who thus directly influenced the manufacturer's profits. Today the manufacturer largely creates the market for the dealer. This is so because he can speak directly to his ultimate customers through the new power and techniques of advertising. This ability of the manufacturer to engage in mass selling as well as mass production means greater profit for all—a greater turnover for the dealer; a lower price for the customer and an expanding market for the manufacturer.

The gas industry has recognized this shift in marketing techniques, and indeed has carried it a step farther. The industry is not relying solely on the salesmanship of the appliance dealer, the manufacturer or even the utility itself. To build preferences for gas and gas appliances, it is going on an industry basis direct to the consumer.

### The Growing Selling Target

As the most advanced and effective technique of selling to millions of consumers simultaneously, television has played a vital part in the growth of the last decade. This role promises to become even more important. As purchasing power grows, there will be a sharp rise in what the economists call discretionary spending; by 1970, consumers are expected to have almost twice as much money to spend as they choose after paying for the necessities of life. Whether the consumer chooses to buy a trip to Europe or a new car; whether he puts in a swimming pool or saves instead toward a new house; whether he decides to heat his home with gas or electricity—these are some of the choices upon which the eloquent selling power of television can and will be brought to bear.

Some may share my view that this economic forecast of the next 10 years, with its accent on the consumer and its prospects of expansion and prosperity, makes for the brightest of vistas. But others do not. Around the world, among our foes as well as our friends, American living standards are envied and emulated. Ironically, it remained for a cult of Americans to examine prosperity and find it wanting. I am referring, of course, to those who regard the affluent society not as a proud accomplishment but as a term of reproach.

This cult of economists argues that Americans spend too much on self-indulgence and too little on national needs. These critics regard advertising as a special villain since it stimulates consumer purchases. They would have us believe there is a direct conflict between our private wants and our public needs. And they contend that more of our national wealth should be diverted from the private to the public sector of our economy.

### Denies We Are Soft

These critics have much in common with those who feel that Americans as a people are going soft, that we have been corrupted by credit cards and cookouts, and that we have lost our sense of national purpose. Implicit in this theory is the puritanical notion that nothing you like can be any good for you and the idea that, for some mysterious reason, only deprivation can build character.

Let me try first to dispose of

*Continued on page 35*

# The Business Outlook

*Continued from page 7*

above factors will be briefly examined.

**Outlook for Consumer Spending On Durable Goods**

Despite the cross-currents in the economy already mentioned, and despite a relatively high rate of unemployment, total personal income has continued to reach new highs, through September. Recently, however, the month-to-month gains have been decreasing noticeably—in short a tapering off in the growth of income. Nevertheless, disposable personal income in the third quarter was about 6% ahead of the year-ago period, with about seventh-tenths of the gain in wages and salaries. This has established a potential for larger retail sales.

The rise in personal income has not been matched, however, in retail sales. After reaching a high point in April, sales dropped off noticeable, and by September were 5% below the April peak. For the third quarter as a whole, retail sales barely exceeded the strike-depressed third quarter of 1959. Most of the decline from the second quarter to the third quarter was in consumer durables—especially autos and appliances. On a GNP basis, consumer outlays on durables dropped at a $2 billion annual rate in the third quarter. The recent weakening in consumer spending has a definite unfavorable implication for the future.

What about prospects for the year ahead? Various surveys of consumer attitudes have uncovered a hesitancy among consumers, as well as a noticeable decline in buying plans for six months ahead, as contrasted with such plans earlier in 1960. While such surveys are still relatively new and experimental, their results to date have been fairly promising, in terms of correctly foreshadowing a change in consumer spending for autos and household equipment. While consumer attitudes and spending intentions are subject to change without notice, the latest "readings" are not very encouraging.

With regard to plans to purchase new autos in the six months ahead, preliminary estimates for the third quarter show a continuation of a "topping-out" trend—i.e., the virtual disappearance of any gain over year-ago plans. In the case of plans to purchase household equipment and furnishings, there was little improvement from the sharp sag which had occurred in such plans during the second quarter.

As a component of GNP, outlays by consumers on household equipment reached a peak in the fourth quarter of 1959 and have since been in a declining trend. In part this probably stemmed from the declining rate of new housing starts and in part reflected at least a temporary saturation in some appliance lines.

The relative weakness in consumer buying plans suggests to me that the declining trend already underway in spending for autos and household equipment will probably continue for a while—at least into the early part of 1961, before beginning a new upward movement.

**Outlook for Business Expenditures on Plant and Equipment**

Large variations in business outlays on plant and equipment play a key role in the business cycle. Increases or decreases in such spending are usually one of the most important factors in both booms and recessions.

Two major forces are now at work that will affect the level of business capital spending in the months ahead. The first of these is the gradually expanding margin of excess capacity in key industries. This trend is indicated, for example, by the average operating rate in the production of basic industrial materials. Output in the first quarter of this year averaged about 85% of capacity. Since that time, however, output has declined steadily, and by September had dropped to 74% of capacity, on the average.

In contrast, various studies have indicated that, on the average, manufacturing companies would prefer to operate at over 90% of capacity. The growing margin in many lines of activity between actual and preferred operating rates has thus been acting as a powerful influence toward a reduction in that part of plant and equipment outlays devoted to additions to capacity. There is still a substantial portion of business capital outlays, however, aimed at modernization and improvement of current facilities, with a view toward greater efficiency and toward offsetting increases that have occurred in materials and labor costs. Nevertheless, the emergence of a growing margin of excess capacity has produced stiffer price competition and has been partly responsible for declining profit margins.

The shrinkage in profit margins is the second major factor that may lead to a cutback in capital spending. Earlier this year, for example, Treasury revenue forecasts had been based on an estimate of corporate profits before taxes reaching $51 billion, up substantially from $47 billion in 1959. As 1960 has evolved, however, corporate profits have failed to develop an upward trend, and appear to be in a declining trend since the end of the first quarter. In many cases expanding sales were not accompanied by equivalent increases in profits or were even accompanied by declines. This profit squeeze, arising in large part from wage costs that have risen faster than gains in productivity, has reduced each flow below earlier estimates and is apparently causing some firms to reduce or defer earlier capital spending plans. It is now estimated that corporate profits for the current calendar year may even fall below the level of 1959.

The past trends in plant and equipment outlays show large variations over the course of the business cycle. More important for the future, however, have been the successive reductions in spending plans as 1960 has progressed, as evidenced by government surveys. By mid-year, spending plans had been reduced below those of early 1960, and a survey released in September showed a further reduction in plans for the fourth quarter, at a level of spending no higher than the third quarter. This reduction signifies to me that capital spending is topping out.

An additional piece of evidence on future capital spending by business is contained in the survey of capital appropriations of manufacturing firms, conducted by the National Industrial Conference Board. By the second quarter of 1960, capital appropriations had receded about 15% below the peak level reached in the fourth quarter of 1959 (after seasonal allowances). In the past a decline in capital appropriations has been followed nine to 12 months later by a decline in capital spending.

Based on the above considerations, I estimate the capital spending for 1961 will drop below this year's volume. While such a decline might be limited to about 10%, it would be enough to help impart a sour tone to business; however, such a decline would not be nearly as large as occurred in 1957-58.

**Outlook for Business Inventories**

As already mentioned, many of the cross-currents in the economy since the spring of 1959 have stemmed from inventory oscillations. In assessing future prospects for business inventories, it would be helpful to examine trends in the area of durable-goods manufacturing. Following a sharp dip and subsequent rebound from the steel strike, shipments by such firms have been in a declining trend since their peak in February of this year. Even more significantly, however, new orders remained below the declining level of shipments for eight consecutive months, starting last December. Consequently, unfilled orders had fallen substantially since the first of the year. This situation first produced a slow-down in the rate of inventory accumulation by manufacturers, followed by outright inventory liquidation in July.

In September, inventory liquidation by manufacturers of durable goods was still going on. However, new orders rose in both August and September, and in the latter month exceeded the volume of sales for the first time since last November. The rise in new orders was centered mainly in the aircraft and electronic industries, reflecting a pick-up in defense ordering. In other lines of durable-goods manufacturing, however, new business in September remained at about the August level. Whether or not the recent pick-up in new defense orders will be enough to halt inventory liquidation in the manufacturing area not directly affected is problematical—but the odds seem slightly against it.

Based on the above considerations, and based also on my expectation of a weakening in business capital outlays and a further drop in consumer purchases of durable goods, it would not be surprising to find total business inventories in a liquidation phase for several quarters.

The cessation of inventory-building since the first of the year has already been a severe depressing influence on general business. The surprising thing is that the economy has held on a high level plateau in spite of this. While a good part of the inventory adjustment may thus already have occurred, the possibility of inventory liquidation for several quarters cannot be ignored, and therefore constitutes another potential weak spot in the economic outlook.

**Summary and Conclusions**

In summarizing the differences between the "Optimists" and the "Pessimists," the following points stand out:

(1) Both sides are agreed that the probability of a sustained rise in consumer outlays on nondurables and services and in state-local government outlays is an important source of strength in the year ahead.

(2) Both sides are agreed that increases are a near-term prospect for residential construction and defense spending. The pessimists tend to emphasize the probable small magnitude of the gains in the near future, however.

(3) The pessimists believe that any major increases in Federal spending are too conjectural to be counted on as yet, and even if they do occur, they will come too late to head off a downturn—even though such a development could be important in limiting the depth and duration of a recession and in speeding a recovery, despite the ominous longer-term implications on further increases in Federal government spending.

(4) The pessimists are concerned about the prospects for a sag in plant and equipment spending, and for a further drop in consumer outlays on cars and household equipment. These possibilities tend to be minimized by the optimists.

(5) The optimists believe that the inventory adjustment is largely or entirely over, while the pessimists conclude that falling expenditures for business and consumer hard goods, if they in fact occur, will trigger off at least some inventory liquidation.

(6) Finally, while the pessimists believe that, on net balance, the contractive forces will prevail and that business activity will break out of its "plateau" on the downside, they also recognize that the expansive forces are such as to keep the downturn short and mild—perhaps the least severe of the postwar adjustments.

My own view is that recent business data have tended to confirm a break-out on the downside from the high-level plateau of business activity that prevailed from early 1960 until past mid-year. In particular, I refer to trends in industrial production, which sagged in both August and September, and with the soft spots becoming more pervasive in both durable and nondurable manufacturing lines.

During three previous postwar adjustments in the American economy, the drop in gross national product from the peak quarter to the low quarter has amounted to 2.5-3.5%, while the peak-to-trough decline in industrial production (on a monthly basis) has ranged between 8% and 14%. The duration of the declines ranged from nine to 13 months.

There is good reason to believe that any current decline will not exceed the previous adjustments in severity or duration, and there is some reason to believe that it could be less severe. In any event there is a reasonable prospect that business activity will be pointed upward again by the second half of 1961, or even somewhat earlier.

Considerable progress has been made in the United States since the end of World War II in "taming the business cycle." In his Presidential address to the 1959 meeting of the American Economic Association, Arthur F. Burns stated: "If my analysis is sound, it supports the judgment that the recessions or depressions of the future are likely to be appreciably milder on the average than they were before the 1940's. It supports no more than this." Thus, the unfavorable short-term business prospects at the moment do not undermine the chances for a continuation of long-term economic growth. But progress is not automatic—it must be earned. Now is a good time to get our house in order, and to establish a basis for renewed economic growth.

A resort to excessive use of deficit financing and easy-money tools in the months ahead could complicate our problems, rather than help them. In particular, we must avoid a renewal of inflationary conditions and expectations, which lead to unstable business conditions. We must take firm steps to rectify the large deficits in our international balance of payments, which pose a threat to the future of the dollar. And finally and most important, we need to benefit from the experience of various countries of Western Europe whose growth rates have exceeded ours in recent years. To a considerable extent, their progress can be traced to corporate tax and depreciation policies which are much more favorable than ours to rapid technological advances based on new and more productive capital equipment—the pay-off of research and development. A thorough overhaul of our tax system would contribute much more to economic growth than "easy money."

Above all, in the years ahead, we must preserve and encourage an atmosphere conducive to self-reliance, independent thinking, new ideas, and innovation. Increasing encroachment by government in economic affairs could gradually throttle the spirit of enterprise and individual initiative—the things which have made our country great. If we follow sound policies conducive to economic growth, we can even improve on our long-run record, which has been unparalleled among nations.

*An address by Mr. Balles before the Seventh Pitt Conference on Business Prospects, sponsored by the University of Pittsburgh, Pa., Nov. 4, 1960.

# COMING EVENTS

*IN INVESTMENT FIELD*

**Nov. 17-18, 1960 (Chicago, Ill.)**
American Bankers Association 29th Mid-Continent Trust Conference at the Drake Hotel.

**Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)**
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

**Dec. 6, 1960 (New York City)**
Investment Association of New York annual dinner at the Waldorf-Astoria Hotel.

**Dec. 8, 1960 (Kansas City, Mo.)**
Kansas City Security Traders Association annual winter dinner at the Phillips Hotel.

**April 12-13-14, 1961 (Houston, Tex.)** Texas Group Investment Bankers Association annual meeting at the Shamrock Hilton Hotel.

**June 22-25, 1961 (Canada)**
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

**Oct. 16-20, 1961 (Palm Springs, Calif.)**
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

## S. Sidney Steinmetz Opens

S. Sidney Steinmetz is conducting a securities business from offices at 666 Fifth Avenue, New York City.

## A. W. Benkert Branch

PHILADELPHIA, Pa. — A. W. Benkert & Co., Inc. has opened a branch office at 123 South Broad Street, under the management of John A. Bear.

## Economic Planning Branch

NEWARK, N. J.—Economic Planning Corp. has opened a branch office at 24 Commerce Street under the direction of Aaron Schneider.

## Now Investors Programs

ROCKVILLE CENTRE, N. Y. — The firm name of Investment Programs Company, 75 Marlborough Court has been changed to Investors Program Incorporated.

## Form Three-D Security

WEST HEMPSTEAD, N. Y. — Three-D Security Corp. has been formed with offices at 333 Eagle Avenue. Officers are Louis Shapiro, President, and Harriet Shapiro, Secretary-Treasurer.

## With Brown, Bechard

(Special to The Financial Chronicle)

JACKSONVILLE, N. C. — Wilbur A. Free is now with Brown, Bechard & Co., 223 New Bridge Street.

## With Livingston, Williams

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Holden C. Mitchell is now affiliated with Livington, Williams & Co., Inc., Hanna Building.

# THE MARKET . . . AND YOU

***BY WALLACE STREETE***

Industrials backed and filled for the most this week, consolidating the rather wild gyrations around election time that had given the Dow-Jones Industrial average a 46-point improvement in the very short span of time from Oct. 25 to Nov. 10, only an even dozen trading sessions.

With time growing short for the usual year-end rallying influence to take over, this year made a bit questionable by what tax selling is still to be absorbed, and with a new Administration not to take over in Washington for another two months, and with even more time needed to unfold the full economic plans, few expected the market to get violent either way.

A pronounced change in the business news, which isn't anticipated at the moment, could bolster the year-end rally if there is going to be one this year, and individual dividend action of a favorable nature could make the going good for the specific items involved.

But the industrial section generally, which had been clipped for 119 points on the Dow-Jones between Jan. 5 and Oct. 25, from 685 to 566, had a sufficiently wide trading area in which to range without solving the big question of which way the market is going in the next few months.

**Recent Low a Floor?**

Sentiment was building up that the low was to remain inviolate for the near term. The slide already has discounted much of the business recession particularly since it doesn't picture the real fact that specific issues and groups had topped out as early as 1956, 1957 and 1958 and have been in a downdrift since. These, such as the oils, should have little new selling to absorb.

Issues down 50 to 60% from their peaks aren't hard to find and, as the Street was saying, the market decline stemmed far more from disappointment than from any business depression. Analysts of the business scene called it little more than a mild recession up to here. Much remedial action has already been taken both on a national scale and internally by businesses themselves, to alleviate credit and profit squeezes.

**Convertibles Now Intriguing**

The nature of the new Administration's proposals continued to intrigue the market analysts. To some, the concentration on low interest rates promises that the high yields running from 4 to 5% on convertbile bonds are the best bet for income, a hedge against a strong stock market resuming its advance, and possible capital gains appeal if low interest is to be a government policy.

The convertible 4⅞s of 1979 of Pan American Air have been available below par with a yield of well into the 5% bracket. Those of Boeing Airplane, the 4½s of 1980, also have been under par and offering a return of better than 4½%. And both the airlines and the aircrafts have had their own protracted bear markets in the stock market, so that if not at the lows, the equities of both should be close to it.

**The Offensive Utilities Rouse Interest**

There was some interest in the defensive utilities-gas section which is normal in uncertain markets. Approval, although by a slim margin, of a gigantic $1¾ billion water bond issue in California sparked some attention to the utilities in that area since the irrigation plans for southern California can, in time, be translated into population increases and new utility customers. It is the most ambitious public works program ever undertaken in one fell swoop by a state.

Pacific Lighting is one company making good progress already in serving the southern area of the state, including Los Angeles. It has benefited importantly from the population increase already behind. It was able to double gross and profit in a decade and is conservatively priced, offering a yield of around 5% which is above average even for its group.

Some predictions give the company a good chance to show an increase of nearly 100,000 customers this year alone. Pacific Lighting basically is a distributor of natural gas, the fastest growing item in the utility lineup, and it not only is bolstering its facilities with initial supplies from Transwestern Pipeline but also expects to add to its facilities when El Paso Natural Gas, its principal supplier, adds a new pipeline to add that much more to its service potential.

**Attraction—Over-the-Counter**

There was also some attention to promising situations in the Over-the-Counter market which isn't as directly and impotently depressed when the industrial average goes into a flip. The combination here is one of the Counter market's utilities, Coastal States Gas Producing Co.

In business for only five years, Coastal by starting from scratch has piled up some astounding results in the form of growth however measured. For it is claimed, by its champions, the title of showing the highest growth rate for all the oil and gas companies.

Coastal States was established to fill a void by collecting the output from small wells and supplying the finished gas to the major transmission companies. It has boosted its cash flow 25-times, tripled pershare income since its first full year despite heavy dilution of the stock, boosted its assets nearly nine-fold, jumped total revenues 17-fold, increased the gas reserves some 10-fold, and so on.

The growth doesn't seem over despite the impressive strides made so far. Management's official estimate is that earnings will increase from four- to five-fold in the next four years without regard for some potential developments that could cut down the time element for the predictions to work out. Shares of Coastal have reflected the good record, available lately in the 50s, but could continue to do well if the forecasts work out showing the $1.52 profit of the last fiscal year up to $3.76 by the 1962 fiscal year and above $7 by fiscal 1964.

**Oil Earnings Perk Up**

Some of the results from the prime oil companies have been making the better profit reading this fall as the industry in general seems to have been able to solve its problems and show well-maintained earnings at a time when a profit-pinch seems to be nearly universal.

One oil company that over the years had as many problems as any other is Cities Service which is marking the half century of its existence. It began life as one of the celebrated holding companies of a bygone era. In the middle of its corporate life it had to decide to abandon either its trolley and utility activities, or its oil operations and chose the latter.

The company has been showing its profit prowess recently, jumping earnings more than 10% last year and expected to improve the earnings again this year after having carved out a record high in crude oil production last year.

Cities Service is a large producer of natural gas and participates with Continental Oil in a complex petrochemical setup in Louisiana. The company offers a 5% return on its cash payment which, in the last four years, was larded with a 2% stock dividend.

Tidewater Oil, noted chiefly by its determination to pay only stock dividends, has decided to eliminate these too, but this has not harmed the stock to any great degree, because for the speculative element it seemed to be the long-awaited start of the integration of all the Getty Oil interests that include Mission Corp., Mission Development, Skelly and Getty Oil. For holders looking for income, Tidewater offered a partial exchange offer of a new $1.20 preferred. Those who elect to hold the common are promised that there will be no thought of dividends for five years and a scarcity value ultimately that should eventually increase the market value of the smaller number of shares outstanding.

*[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]*

## Miller Named by Chase Internat'l

William S. Miller has been appointed Executive Vice-President of Chase International Investment Corporation, the wholly-owned foreign investment financing subsidiary of The Chase Manhattan Bank.

Mr. Miller formerly had been a Vice-President of C. I. I. C.

He joined the Chase National Bank in 1929, was appointed an Assistant Treasurer in 1941, was promoted to an Assistant Vice-President in 1948 and was named a Vice-President in 1955. In 1954 he was named as Assistant Vice-President of The Chase Bank, predecessor of C. I. I. C., and in 1956 he was promoted to Vice-President.

The Chase Bank's name was changed to Chase International Investment Corporation in 1957.

## With Cruttenden, Podesta

OMAHA, Neb.—Richard A. Nelsen has joined the Omaha staff of Cruttenden, Podesta & Co. as manager of the investment department, Robert L. Soener, resident manager of the coast-to-coast investment firm's Omaha office, announced.

Mr. Nelsen, a veteran of 30 years in the investment business, started his career with Halsey, Stuart & Co. Inc. More recently, he was associated with the Omaha firm of John Douglas & Company, Inc.

## Higgins Joins First California

**SAN FRANCISCO, Calif.—Frank L. Higgins has joined the research and analytical staff of First California Company, 300 Montgomery Street, the statewide investment firm announced.**

**Frank L. Higgins**

**Mr. Higgins formerly was the general manager of Life Insurance Investors, Inc. of Chicago. Before going to Chicago he was associated with several leading investment firms in San Francisco. Mr. Higgins entered the securities business in San Francisco in 1937.**

**First California Company has its headquarters in San Francisco and has 33 offices serving investors in California and Nevada. The firm is a member of the Pacific Coast Stock Exchange, the Midwest Stock Exchange and is an associate member of the American Stock Exchange.**

## Colopy, Elliott Opens

**SEATTLE, Wash.—Colopy, Elliott & Miller Inc. has been formed with offices at 2366 Eastlake Ave. to engage in a securities business. Officers are James H. Colopy, President; C. Ray Elliott, Secretary-Treasurer; and William F. Miller, Vice-President.**

## Form Davis & Leach

**WASHINGTON, D. C. — Davis & Leach, Inc. has been formed with offices in the Washington Building to conduct a securities business. Officers are Harry J. Davis, Jr., Chairman of the Board and Secretary, and Charles A. Leach, President and Treasurer. Mr. Leach was formerly with Hodgdon & Co. Inc.**

## With Yarnall, Biddle

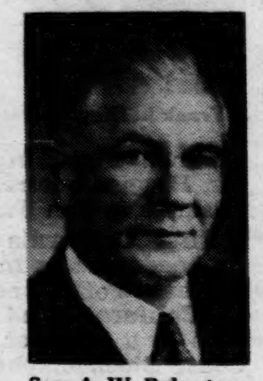
**ALLENTOWN, Pa. — Yarnall, Biddle & Co., Commonwealth Building, announce that Charles Howard Seiler is now associated with their firm as a registered representative.**

# Today's Economic Trends And Government's Role

By Hon. A. Willis Robertson,* United States Senate (Va.—D.)

**One of the Senate's experts on money and banking advises that we "not" demand stepped-up Federal contra-cyclical action "unless business conditions decline considerably more." His review of the economic scene convinces him that our better policy now is to restrain Federal expenditures and to maintain present tax rates.**

I do not care to attach a label to our current economic situation. It has been characterized by some as a recession, by others as a leveling off, as a period of uncertainty, as a period of stability, a high level plateau, and so on. The Secretary of the Treasury has stated that we have already undergone economic adjustments which will provide the base for a long period of sustainable, non-inflationary growth.



Sen. A. W. Robertson

I have often thought that our national predilection for slogans and for the quick label for times, people, places and events is a liability, which dulls our sense of perception and tends to lead us into actions based more upon slogans and labels than upon the facts as they actually exist.

It was decided, for example, even before we entered upon this decade of the 1960s, that it was bound to be the "Soaring Sixties." A portion of our disappointment, so far, is therefore based, not so much upon current conditions or predictable events, which by any other standard are not bad, but upon the fact that we have so far failed to "soar." It is very important, in my opinion, that we should not decide our future course upon any such false standards.

It is obvious that the boom which was predicted last year for this fall has failed to materialize.

Purchases by business, government, and consumers increased in the third quarter of this year, but by a much smaller amount than in the preceding two quarters. The decline in business inventory investment, however, was greater than the rise in final purchases, and gross national product declined slightly from a record rate of $505 billion in the second quarter to $503 billion in the third quarter. Consumer demands for goods and houses slackened, and the expansion in business fixed capital outlays tapered off.

Industrial production declined in September. Small declines were fairly widespread in both durable and non-durable goods sectors leading to a further reduction in the length of the work week. Total employment in non-agricultural establishments decreased by about 150,000 between July and September, although the September level was still 850,000 higher than a year earlier. Unemployment increased to 5.7% of the labor force in September. Although total personal income in September was maintained at record levels, wage and salary income decreased slightly.

Retail sales declined in the third quarter of the year although there is some evidence that they may have increased in October.

The course of industrial production last month is not yet clear. Steel production rose somewhat, but dropped back again in the first week of November, when it was scheduled at 51.7% of capacity. Auto output was maintained at high levels. A source of strength has been a sharp step-up in the rate of defense orders since mid-year, mainly in the aircraft and electrical machinery industries. In August and September, such orders rose by about one-fourth. In September total new orders for durable goods were 6% above July, and for the first time in nine months were somewhat above the level of sales.

Total construction activity was maintained at high levels through October as rising private non-residential building and government construction offset the decline in private residential building. Private housing starts showed an unusually large drop in September, and for the third quarter as a whole they averaged 10% below the first half.

### Encouraged by Exports Rise

One of the encouraging economic signs has been the rapid expansion of our exports since the middle of 1959, in response to strong demands from abroad.

Exports rose from a low of about $15.5 billion early last year to a seasonally adjusted annual rate of $20 billion last summer. Imports, on the other hand, declined to an annual rate of about $15 billion last summer, somewhat lower than in the latter part of 1959. Our export surplus, therefore, reached the annual rate of $5 billion — greater than at any time since the days of the Marshall Plan, except during the Suez crisis of 1956-'57.

However, in spite of our trade surplus, there was no corresponding reduction in our over-all balance of payments deficit, because of the outflow of dollars for military expenses, private investment, government loans and grants, and other expenditures abroad. Net gold and dollar transfers were running at an annual rate of nearly $3 billion in the summer, and more recent figures indicate that for the third quarter the deficit may have risen to an annual rate of about $4 billion.

I think it is easy to over-emphasize our concern over the gold outflow, and I do not wish anything I might say to be interpreted as indicating alarm.

### Cites Federal Reserve on the Gold Situation

The Federal Reserve has stated that "the gold stock of the United States is big enough to absorb the impact of large swings in current and capital transactions, so long as underlying forces continue to work in the direction of an adjustment. These forces include rising international liquidity, continuing reductions of foreign barriers to U. S. goods, continuing efforts of U. S. businessmen to improve the competitive position of their products in domestic and foreign markets, and continuing avoidance of inflation in the United States."

Our favorable trade balance, as opposed to our unfavorable payments balance, demonstrates again the viability and strength of our productive machine and its basic ability to compete in the world's markets—in design and price.

Nevertheless, as Dr. Per Jacobsson, Director of the International Monetary Fund, has said: "Any country which today permits the price level to go on rising will be exposed to balance of payments difficulties, and also before long, as its competitive power declines, to a deterioration in its employment situation."

Our international position is quite properly a strong factor in favor of fiscal restraint. The discipline of our balance of payments is a reminder that, internationally as well as internally, we must meet competition in the marketplace. If we believe in our system — in the efficiency and strength of free enterprise, we should meet this challenge confidently.

I have recited these background facts in some detail because I think that in substance they still present a rather mixed and uncertain picture. When one looks at these developments and the reaction of the money and credit markets to them, it is obvious that most economic experts judge them to be signs of a recession, the extent and duration of which cannot be determined. The monetary policies of the Federal Reserve, as you know, have resulted in providing banks with more reserves than needed to meet the economy's seasonal bank credit and currency requirements for several months.

Earlier this year the Budget Bureau predicted a surplus of over $4 billion for the current fiscal year. The estimate has now been reduced, and it seems quite clear that, because of a sharp drop in anticipated income, primarily due to lower tax collections from corporations, the budget will be narrowly balanced with a surplus of about $1 billion at best.

### Delimits Federal Government's Role

Under all these conditions, I believe it is much too early yet to demand active Federal participation to promote business expansion, particularly to make plans for incurring budget deficits, by greatly increased expenditures or by tax reductions. The recession, if it is one, has not progressed to a degree requiring such a course of action. During the last recession, an excessive response by the Federal Government led to a budget deficit of $12.4 billion in the fiscal year 1959 which, in turn, led to later inflationary developments. For the present at least, unless business conditions decline considerably more, I believe we should plan and work for restraint upon Federal expenditures and maintain present tax rates.

In the Presidential campaign which has just concluded, I was encouraged that both candidates expressed their support of a balanced budget, except in times of serious recession, a flexible monetary policy, and the independence of the Federal Reserve System. Of course, there are differences in degree, and disagreements as to the timing and conditions under which these policies might be implemented. Nevertheless, there is general agreement upon the basic principles which are so important to our economic growth and stability.

Both candidates also agreed upon the importance of improving our balance of payments position, and in their opposition to devaluation of the dollar as a means of halting the gold outflow.

The Federal Government cannot, in my opinion, undertake the job of guaranteeing a continuous and unremitting climb in the economy. At least until the science of economics becomes much more reliable, we must accept the fact that there must be occasional declines in our rate of national growth. If the Federal Government becomes a guarantor of perpetual and ever-increasing prosperity, without dips, slides or plateaus, inflation must be the inevitable result.

*An address by Senator Robertson to the 67th Annual Convention of the Savings Banks Association of the State of New York, White Sulphur Springs, West Virginia, Nov. 10, 1960.



## Stop & Shop, Inc. Common Offered

Offering of 625,000 shares of Stop & Shop, Inc. common stock was made on Nov. 16 by a banking group headed by Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc. The shares are priced to the public at $31.25 each.

All of the shares being offered are outstanding and are being sold for the account of selling stockholders. No proceeds from the sale will accrue to the company.

Stop & Shop is a supermarket chain with 118 stores in Southern New England, including 47 in the Boston area. In its latest fiscal year ended July 2, 1960 the company reported retail sales of $239 million and net earnings of $4.1 million. In the five fiscal years 1956-60, its earnings per share were 69¢, 75¢, 89¢, $1.24 and $1.64 after adjustment for stock dividends and other stock distributions.

In the first 12 weeks of the 1961 fiscal year earnings were 37¢ compared to 30¢ in the comparable period of the previous fiscal year. Sales in the latest 12 weeks were $57.0 million compared to $47.4 million a year earlier.

## Women's Bond Club To Hear on Steel

Miss Lillian B. Green, Executive Assistant to the Chairman of the Board and President of Granite City Steel Co., will speak on "The Outlook for the Steel Industry" on Nov. 10 at a luncheon of the Women's Bond Club of New York, at the Bankers Club.

## Form Sentinel Securities

ASTORIA, N. Y.—Sentinel Securities Planning Corporation has been formed with offices at 31-87 Steinway Street to engage in a securities business. Albert W. Grigg, III is a Principal.

# New York Savings Banks' Answer to Its Critics

*By* Charles W. Gleason,* *President, The Savings Banks Association of New York, and President, The Green Point Savings Bank, Brooklyn, N. Y.*

**Manufacturer, savings bank head and spokesman for the savings banks industry deplores attacks by commercial banks and suggests exactly what they can do in order to meet savings banks' interest rate competition on savings deposits. Moreover, he decries increased competition for savings which merely lures savings from one institution to another, which induces people to live beyond their means, and which misuses the term savings. Further, Mr. Gleason insists savings banks are as much a part of America as freedom and enterprise themselves. In defending mortgage lending policies, reference is made to a recent University of Pennsylvania Wharton business school study by Professor Rapkin sponsored by the Association which states New York State has not been discriminated against.**

Now that the elections are over, the nation once again closes ranks. We — Americans — put aside any differences, any bitterness that may have evolved in the campaigning of the last three months.

Charles W. Gleason

Together in strength, in high moral purpose, in common unity, the United States turns to the future.

We are confident that our new President, and the other successful candidates will remember that they are the duly elected representatives of all the people.

We are equally certain that the new leadership will put aside partisan politics in full realization that its prime duty and obligation is to make certain this great nation not only remains strong but grows stronger — physically, economically and spiritually.

Recent events within the United Nations — indeed, throughout the world—serve notice that there is no room among the free nations for complacency, waste, selfishness, or disunity.

If this nation is to grow and prosper, if we Americans are to meet the challenge of an alien philosophy committed to our destruction, then we must put into practice the precepts we preach and cherish, and for the maintenance of which many of our citizens have made the supreme sacrifice.

Call this idealism if you will. (And it is.) But ideals are what made America great and made America strong.

Like the nation — and for the national good—this industry must grow and prosper.

Therefore, I call on the members of the New York Savings Bank Association to join ranks and in unified spirit face our future—our problems—with vigor and courage.

Savings banking had its origin in the ideal of encouraging people to become self-reliant through thrift. This has been the prime function of our savings banks for almost a century and a half. It remains our prime function.

### Savings Are The Key to Growth

Only out of the savings of our people can come sound, non-inflationary economic growth. Only from the people's savings can the social, industrial and governmental needs of our people be safely met. Thus it follows that true savings are the master key to sound growth.

Our record of contributing to the growth of our state and our nation is a proud one.

We have an unequalled record of stability and safety. Our savings banks have achieved preeminence in the field of thrift. We are a major factor in providing residential, commercial and institutional mortgage financing, and in supporting Federal, State and municipal government and industry through our investment in bonds and stocks.

Proof that the people of our state believe we provide a necessary and vital service is clear. For as of Jan. 1, 1960, the 127 savings banks of New York State, in which there are 16¾ million residents, had 11,402,000 depositor accounts, totaling $20,717,566,000.

But today we operate in a changed, and constantly changing atmosphere. Today, our problems are many. They are complex. And they are grave.

### Today's Changed Conditions

For many years we had the thrift field to ourselves. Others were not interested in it. Now the picture is vastly different. Now the competition for the saver's dollar is intense, and immense.

Commercial banks, savings and loan associations, credit unions, mutual funds, the stock market, and others wage an unremitting and, at times, ruthless, battle for the saver's favor and his dollar.

At the same time, pitchmen for increased consumer credit in print, on the air and on the television screen chant the siren song of "buy today and pay tomorrow." They spend vast sums on advertising and on promotional campaigns. They are exceedingly aggressive in their public relations efforts.

Free and fair competition is a vital part of the American way of life. It is the spur to the creation of better products and services.

We favor and commend any competition that directs itself to inducing more people to save and more people to save more.

But we denounce efforts to lure savings from other institutions, and more importantly, we condemn efforts to induce people to live beyond their means.

Such actions are neither in the public interest, nor in the interest of a single individual.

We are today witnessing a strange and disturbing development on the American scene. Our people are being induced to spend before they save. Worse yet — young people—even teen-agers—are being artfully persuaded to plunge themselves into debt. On all sides, people are being exhorted to "buy now and pay later."

The fact is that currently the word saving is used altogether too loosely.

It may be inevitable that there should be different concepts of saving. But these concepts should not be confused with true saving, as exemplified by deposits in savings banks.

### Decries Misleading Usage of The Word Savings

An example of the misleading use of the word saving is the all too frequent claim of recent years that consumer credit, to quote a leading commercial banker, "offers a great means of saving, for the accumulation of capital for living purposes."

Now this may be technically correct under one of the latter-day concepts of saving, but there is a world of difference between such "saving" and the true saving represented by the accumulation of deposits in savings banks.

This difference is so great and the social consequences so far-reaching that we have a clear responsibility to keep the truth constantly before the public. With an understanding of all of the facts, the American people can be counted on to make the right decision—the decision which will be best for them as individuals, and which will be best for the country, as a whole. On the other hand, if the decision is made solely on the basis of the advertising claims of the virtues of the "good life on the instalment plan," we shall all suffer.

Well, what are the facts on these two diametrically opposed concepts of saving?

(1) Our saving yields an unfailing return (presently, 3½ to 3¾% each year, in all but four of our banks).

The other kind of "saving" costs the user, as a borrower, 7 to 11½% each year and on some methods of borrowing, far more.

(2) Our saving builds homes and finances government and industry.

On the other hand, saving by spending for consumption consumes capital instead of creating it. This is not to say that consumption is not important—it is more than important, it is absolutely basic in our economy. But, saving is even more basic, because without true saving you cannot accumulate the capital for production, and without production you, obviously cannot have consumption.

(3) Our saving does not increase the money supply.

The kind of saving financed by consumer loans at commercial banks, or by credit secured by non-bank lending agencies from commercial banks, generally (although not always) increases the money supply and thus contributes to inflationary pressures.

(4) Our saving fights the inflationary bias of our modern "political" economy.

The other kind of "saving" increases spending and reduces the market supply of goods and services. In contrast, our true saving reduces consumer spending and increases capital spending. This soon results in an increase in the supply of goods and services, which not only fights inflation, but also increases our standard of living.

### Contrasts Commercial With Savings Banks

The basic way of life of the commercial bank is debt creation. In contrast, the basic way of life of the savings bank is capital formation. Both are of fundamental importance in our modern economy. It ill behooves either to deprecate the true function of the other. But, if invidious comparisons must be made, there can be no question — academic, governmental, or practical — but that capital formation is the more basic to our society under all circumstances, particularly the present ones where inflation, although quiescent for the moment, is an ever-present threat.

Does not plain common-sense dictate a rational balance between spending and saving? People of course must often borrow for the good things of life— the things that count—the things that are essential such as homes and education.

But people plunging into debt for things and services they don't really need, and often really don't want—this, with the careless use of charge accounts and credit cards handed out indiscriminately, will surely lead to inflation, economic disruption and personal unhappiness.

Let me say this—the savings of the people should not and must not be used to create money, and thus bring increased inflation. And further, savings should not be used as an instrument to destroy savings. Let this happen, and our national economy is in trouble — dire trouble. And along with us, the whole free world.

Now, permit me to turn to another remarkable statement by this same commercial banker. He describes savings banks as, and I quote.

"(They) stand outside the private capital system." Then he adds (so charitably) that we, "are however, not in the socialist system. Just somewhere in between."

What kind of talk is that?

### Holds Savings Banks Are Part of Free Enterprise

Has he forgotten that the savings banks are as much a part of the American free enterprise system, as much a part of America, as freedom and enterprise themselves. Apparently he forgets that the private savings of more than eleven million people are at work in our savings banks, helping to finance hundreds of thousands of homes.

Mutual savings banking is no more "outside the private capital system" than a university, a charitable foundation, or any of the many other non-profit organizations established by our American society to better accomplish particular purposes. In fact, our mutual savings banks fit squarely into the American competitive, profit and loss economy. The essence of the American system is competition and a free market. We certainly qualify on both counts.

In fact, the basis of their complaining is that they cannot meet our competition, so we must be competitive. And, if we don't operate in a free market, I don't know what it would be called. We have been given no monopoly by the state. We have to fight for deposits in the free market for savings. We are not allowed to manufacture our deposits.

In the same fashion, we have to enter the free market to secure our mortgages, our bonds and other investments. We are given no monopoly position in those markets. As a result, competition for our earning assets can be very savage, indeed. Moreover, we cannot pay for our earning assets with book entries.

Just because philanthropic-minded leaders contributed our initial capital and our depositors make possible our subsequent capital, hardly justifies reading us out of the private capital system. Whoever contributes the capital is certainly entitled to the

*Continued on page 22*

# Business Outlook Variables

*By* Dr. Courtney C. Brown,* *Dean, Graduate School of Business Columbia University, New York City.*

**Dean Brown uncovers essential strengths in our current economic situation which he hopes will not be thwarted by recourse to artificial respiration of deliberate Federal deficits. Ready to trigger business confidence, he points out, could be the Christmas buying season, the need for more capital equipment, or the growing dissatisfaction with excess liquidity. Outlined are the causes of our slowed economic pace and its underlying, improving posture.**

There was a time some years ago that I studied closely and spoke frequently about the outlook for business; frequently enough indeed to know that business forecasting is at best an art even for those saturated with the ascertainable facts. It is not a science. I suspect our best known prognosticators still use the "squint-eye" methods of the old-time track foremen quite as effectively as the newer mathematical analyses of quantifiable variables. A more respectable term for the "squint-eye" method is perspective.

Courtney C Brown

There is an old cliche that a dean is a man who has a faculty to get his work done, but I assure you that the recent years have given me far less opportunity to follow closely the trends of business than I had in earlier business assignments. Despite these qalifying remarks, the request for my views has compelled me to marshall my thoughts and arrange them in an orderly pattern. The result has been the emergence of what may be somewhat interesting, even though necessarily tentative conclusions. Let me state these tentative conclusions briefly at the outset and then develop more fully the reasons why I have reached them.

The chief characteristic of a free and flexible economy is that it is always in a state of continuous transitional movement; always shifting from one composite pattern of activity and demand to another. This is the merit and glory of a free society for it means that the pattern of work is continuously harmonized with the changing pattern of needs and desires—not by administrative direction but by volitional response.

Sometimes these transitional shifts are more pronounced than at others. They always put a frictional brake on the level of total activity and when a number of major shifts occur together they can readily show up in the form of a contraction identified as a recession. This is the process we have witnessed for the whole of 1960 I believe. It is the factor that seems to have been overlooked by the chorus of confidence that was proclaimed so loudly last January.

### Shift From $12.4 Billion Deficit

If the diagnosis is valid, it follows that the prognosis must rest on the identification of these major transitional shifts and an appraisal of their intensity and their duration. Secretary of the Treasury, Robert B. Anderson, pointed to a fundamental shift when last September he noted that "the domestic economy is now functioning without the dangerous stimulous of inflationary expectations and fears of shortages." In a single year's time the Federal budget shifted from a $12.4 billion deficit to a $1.1 billion surplus. A number of important consequences are associated with this dramatic shift.

No longer is the Federal Government putting more purchasing power in circulation than it is taking out of circulation. With adequate production capacity in most fields, this means that prices in general have been less buoyant or have even tended to sag. On balance, wholesale prices are about the same as last year and consumer prices are up only 1½%—a modest rise relative to some of the postwar years. Stable prices have pressed against less flexible and rising labor costs to contribute to the well-known profits squeeze. Net profits of manufacturing concerns were off 7% in the first six months from the same period last year and those of durable goods manufacturers 12%. The monetary authorities have properly felt that easier policies were justified, and the privately held money supply has expanded and interest rates have declined.

These several consequences of Federal fiscal policy are a result of the currently balanced position of the budget as well as of the shift of $13.5 billion in the relation between income and outgo that resulted in that happy condition. A continued balance in the Federal budget (these remarks were prepared without the benefit of a reliable election forecast) would mean that prices in general must adjust without the stimulus of Federal Government increments to purchasing power, that business must rely for a restoration of profit margins primarily on cost-reduction investment and on more reasonableness in labor negotiations; and on the assurance that adequate investable funds will be available at modest costs. This is not a bad prospect and I believe it is a realistic one. It would mean plenty of competition and hard work but that is what has made this country great and it is good for us.

### Shift in Business Inventories

Another shift noted last September by Secretary Anderson is the flip-flop that has occurred in business spending for inventory. Many are familiar with the story. Encouraged by the high optimism of the apostles of the "Soaring Sixties" and by the consensus on the desirability of vigorous reaccumulation after the steel strike, business built inventory at an annual rate of $11.4 billion during the first quarter of 1960. This was moderated to a $5 billion annual rate in the second quarter and it is doubtful if any accumulation at all occurred in the third quarter. This decrease in the annual rate of inventory spending by business has been greater than the net drop of $9 billion in the annual rate that accompanied the 1957-58 recession. The important thing to note is that this shift has already occurred and its effect on total activity has been less pronounced than was the case with the smaller drop in the earlier period. Interesting enough, in the present situation personal incomes have continued to rise and gross national product in the third quarter was still close to its all-time record.

### Decline in Marginal Propensity To Consume

Apart from business inventories there is another inventory matter of great importance that Secretary Anderson did not mention and for which we have no reliable figures. We do know that as family real incomes have moved further and further above subsistence levels the accumulation of durable consumer goods, the so-called big-ticket items, has expanded the range of deferable personal expenditures. In total dollar volume I suspect the expansion and contraction of usable inventories in the hands of consumers may exceed that of business itself, simply because the total volume of consumer expenditures is enormous.

There can be no doubt that the rate of accumulation of inventories in the hands of consumers has contracted along with that of business during the past year. Personal income has soared to new heights. The $403.0 billion annual rate in the first nine months of 1960 was $21.5 billion above the comparable rate of the preceding year. Retail sales were only slightly improved and not at all in the big-ticket items. Spending on durables fell last summer at a $2.0 billion rate, and that on non-durables $500,000, while the annual rate of spending on services rose $2.0 billion. Where did the unspent money go? Mostly in the proverbial sock, figuratively speaking. Net savings at savings institutions during the January-September period were up 9% over a year earlier and during the last couple of months have been running better than 25% ahead.

This behavior of consumer's and business inventories, when looked at together, strongly suggest that total income has been running above total consumption and total consumption has been running above total production. Just how liquid do we want to become? It is not logical to expect such a condition to continue for long unless the pattern of production were stubbornly continued in unwanted products or forms, or something very serious had occurred to disturb confidence. Neither has happened.

### Shift from Durable to Non-Durable Consumer Output

Indeed, there is another transitional shift that has been going on for many years but which may have accelerated during the past year, putting additional strain on the economy. I refer to the more rapid growth that has long been evident in the demand for services and soft goods relative to the demand for so-called basic industry and agricultural products. The data are not comprehensive, but there is some evidence that in the recent past these trends may have been amplified by a disproportionate growth in the demand for services and products associated with leisure activities.

The divergent trends in sales figures last summer have already been noted. Employment figures for decades have registered an occupational shift to the service and distributive fields, and the current data are simply more of the same. The month of September set a seasonally adjusted record for the number of total employed, but manufacturing employment for the month was lower than in 1952, 1953, 1955, 1956, and 1957. The seasonally adjusted figure for manufacturing employment has declined each month since May. It will expand again with recovery but there is no reason to expect the basic trends among service, manufacturing and agricultural employment to be reversed. Quite the contrary, these trends promise to be even more pronounced as the result of the vast sums spent in recent years on research and development begin to make themselves felt in labor saving devices.

Despite surplus capacity in many parts of the economy, the need for cost reduction together with the accumulation of new products and methods, have kept plant and equipment outlays at near record levels. The $36.4 billion figure now estimated for 1960 would be 12% above 1959 levels and just below the record $37 billion attained in 1957. At the moment, some economists are casting an anxious eye at the level of profits and revising their expectations for 1961 downward to around $33 billion. This may prove to be premature. The need for cost reduction has never been greater and there are those who maintain that in terms of real replacement costs, the nation's supply of capital equipment has barely held its own in recent years despite the relatively high dollar volume involved.

### Dollar-Gap Shift

Another major shift in the economy, not unassociated with our production costs, is the disappearance of the so-called dollar gap in the complex of international transactions. It is hard to recall that a few years ago many thought the dollar gap was a permanent part of our international economic relations. For most of the postwar period the United States has had a preferred position. The world needed the products that only we were able to supply in large volume. Our relatively higher production costs were of limited significance in world competition, for other countries had few exportable surpluses other than raw materials. The situation has now changed. Western Europe and Japan particularly are in a position to compete with volume shipments of manufactured products at lower unit costs. It is paradoxical in this situation that exports from North America to Western Europe in the first half of the year were 40% above last year's first half, but this represents a restocking that does not promise to last.

Our position in world trade in the decade of the 1960s will be different from that of the 1950s. It will be strong only if our costs are competitive. If they are, I do not believe we shall be too concerned about gold losses or about the speculative manipulation of gold prices in London for Zurich or Johannesburg accounts.

Contemplation of these several variables in the business outlook has convinced me that the general situation may be much better than it has appeared from surface indications. The budget is balanced and prices are comparatively stable. Incomes are greater than consumption, which in turn is greater than production. Shifts in the patterns of demand have been recognized and production is being shifted to meet them. There are now ample money supplies and it appears as though they will continue to be available at moderate costs. While the rate of accumulation of "pipe-line" inventories by business has diminished, business has as the result of large research and development outlays acquired a large inventory of new products and of cost-reducing methods that have yet to be introduced. The economy is happily unencumbered by speculative excesses built on flimsy credit structures. It would take very little in this setting, it seems to me, to trigger a restoration of robust confidence. It could be the Christmas buying season, it could be simply the progressive need for replacement, or it could be a growing dissatisfaction with excessive liquidity.

Perhaps the best way to put the implication of all this is to say that, despite the discouraging nature of some recent reports, if I were a pessimist I would be very uneasy about my position. It is to be hoped that what appears to be the essential strength of the present situation is not disturbed by alarm leading to the artificial respiration of deliberate Federal deficits. A healthy recovery from

the current position of a balanced budget would leave unimpaired the efforts that have been made, and must continue to be made, to achieve competitive world costs. It would have the added merit of avoiding the dampening effect that the later correction of an unbalanced budget must always have on the forces of recovery.

*An address by Dr. Brown before the 67th Annual Convention of the New York State Savings Banks Association, White Sulphur Springs, W. Va., Nov. 10, 1960.

## Hardy & Co. Heads Electron. Offering

Hardy & Co. and associates offered on Nov. 16 260,000 shares of Electronic & Missile Facilities, Inc. common stock at a price of $5.50 per share. The offering marks the initial public sale of the company's common stock.

Net proceeds from the financing will be used by the company for general corporate purposes, including expansion of the company's business.

Electronic & Missile Facilities, Inc. primarily provides complete installations for the construction of strategic facilities required under the defense program of the United States Government with particular emphasis on the electronic, missile, naval and air requirements. The company also is involved in the construction of various projects for civilian public works agencies. Among the projects on which the company is working, or has been awarded contracts for, are: Polaris missile assembly facilities, Charleston, S. C., for the Navy; technical buildings and power plants for communications relay center, Fort Allen, Puerto Rico, for the armed forces; building and utilities for ACAN, Fort Allen, Puerto Rico; Nike Hercules facilities at Robbins Air Force Base and Turner Air Force Base, both in Georgia; reconstruction of certain facilities at Portsmouth, N. H., Naval Shipyard. The company's principal office is in New York City.

For the nine months ended June 30, 1960, the company had total contract billings of $9,546,839 and net earnings of $170,462 or 65c per share. Upon completion of the current sale of the common shares, outstanding capitalization of the company will consist of 520,000 shares of common stock and $610,213 of 6% ten-year debentures due Jan. 15, 1971.

Associates in the offering are: Filor, Bullard & Smyth; Lubetkin, Regan & Kennedy; Pacific Coast Securities Co.; Coburn & Middlebrook; Butcher & Sherrerd.

## Phila. Bond Club Hear Strausz-Hupe

PHILADELPHIA, Pa.—Dr. Robert Strausz-Hupe, Professor of Political Science at the University of Pennsylvania and Director of the Foreign Policy Research Institute, will be guest speaker at a luncheon meeting of The Bond Club of Philadelphia, to be held Friday, Nov. 18, at The Barclay Hotel.

Dr. Strausz-Hupe will speak on Political and Economic Developments in Western Europe and the Common Market.

Reservations can be made through Clifford C. Collings, Jr., of C. C. Collings & Co., Inc.

### Vanguard, Inc. Formed

LITTLE ROCK, Ark.—Vanguard, Inc. has been formed with offices in the Pyramid Building to engage in a securities business. Officers are George G. Karpoff, President; Garvin Fitton, Vice-President; Moise B. Seligman, Jr., Secretary-Treasurer; and Richard M. Yarbrough, Assistant Secretary. Mr. Karpoff was formerly with Van Grant & Co.

## John Sexton & Co. Common Offered

Hornblower & Weeks and associates offered publicly on Nov. 15, 200,000 common shares, without par value, of John Sexton & Co. at $16.50 a share. Prior to this offering there was no quoted market for the company's common shares.

A total of 167,000 shares is being sold by certain stockholders who, after the sale, will continue to hold 71.7% of the outstanding common shares. The company will receive none of the proceeds from sale of these shares.

In addition, the company is selling 33,000 common shares the proceeds from which will be used for working capital and general corporate purposes.

John Sexton & Co., founded in Chicago in 1898, is a distributor of a broad line of food products to institutions, such as hotels, restaurants, clubs, schools and colleges. It has ten distribution centers serving more than 50,000 customers in the continental U. S., the West Indies and Hawaii.

For the year ended June 30, 1960, the company reported sales of $62,554,854 and net income of $1,201,949, equal to $1.61 a share. This compared with sales of $59,959,434, profit of $902,756, or $1.21 a share for the previous 12 months.

The company has paid cash dividends on common for more than 25 years. The most recent is a quarterly dividend of 22½¢ a share, payable Jan. 3, 1961, to holders of record Dec. 15, 1960.

Capitalization of the company, adjusted to reflect the current sale, consists of $4,500,000 in long-term debt and 747,437 common shares without par value.

### Chicago Analysts to Hear

CHICAGO, Ill.—Rupert C. Thompson, Jr., Chairman of the Board of Textron Inc. will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held Nov. 17 at the Midland Hotel.

### Joins L. A. Caunter

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Stephen E. O'Toole has joined the staff of L. A. Caunter & Co., Park Building. He was formerly with G. H. Musekamp & Co.

# Connecticut Brevities

**Branson Instruments, Inc. of Stamford** recently shipped 30 Sonoray flaw detectors to Argentine National Railways, Buenos Aires. This shipment of ultrasonic testing equipment was the largest ever sent out at one time by Branson. The units will be based throughout Argentine and will be used to inspect freight car axles and other railroad equipment. A special accessory included with each unit will indicate whether detected flaws require immediate repair or will permit continued operation of the equipment under inspection.

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**Landers, Frary & Clark** of New Britain, manufacturer of housewares, electrical appliances and electronic devices, has moved its national sales offices to Fifth Ave., New York from headquarters in New Britain. The new offices include an extensive showroom for display of company products and space for a museum of early housewares manufactured by Landers over a period of many years.

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**Arrow-Hart & Hegeman** of Hartford is expanding its business in England by building a new $2 million factory to be completed next spring on the outskirts of London. The electrical equipment manufacturer started business in England in 1930 and volume and profits from the British factory now account for 10% of the company totals. That percentage is expected to increase because of the high demand for electrical equipment caused by the boom in household appliances in Europe.

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**The Bridgeport Brass Company** and **Scovill Manufacturing Company**, Waterbury, have joined with Aluminum Company of Canada and Cerro De Pasco Corp., headquartered in New York, for the purpose of financing a new aluminum mill. The $30 million plant to be built in the Northeast at a location as yet undecided upon, will be a semi-continuous aluminum hot rolling mill with annual capacity of 100,000 tons.

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**Pratt & Whitney Aircraft** of East Hartford, a division of United Aircraft, disclosed the details of its gas turbine engine which is expected to supply motive force in a wide variety of installations. The motor, a modification of the JT-12 pure jet now in production at Pratt & Whitney, will first be used in the twin engine Sikorsky S-64 crane helicopter. Industrial versions developing up to 3,000 horsepower may supply power for high pressure pumps, electric generators and propulsion for large ground vehicles such as tanks and earth moving equipment.

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**The National Fire Insurance Company** of Hartford, a subsidiary of Continental Casualty, has announced plans to return to the casualty insurance business, which it gave up in 1957, by writing accident and health policies once again. Mr. Clarkson, President of National Fire, stated that the company will shortly be able to offer its agents a well rounded accident and health program "particularly adaptable to producers of general insurance."

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**Heublein, Inc.** of Hartford has appropriated a $4 million advertising budget for its Smirnoff Vodka, an increase of 25% over last year's budget. This will make Smirnoff the second most heavily advertised brand of any type of distilled spirits Mr. Edward G. Gerbic, Senior Vice-President in charge of company advertising said.

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**Emhart Manufacturing Company** of Hartford which produces automatic bottling and packaging machinery has selected architects and general contractors for its new office building to be erected in Bloomfield. Skidmore, Owings and Merrill, who will design the building, were also architects for the home office building of the Connecticut General Life Insurance Company located directly across from the Emhart site. The George A. Fuller Company which is now building the addition to the Aetna Life Insurance Company home office in Hartford will do the construction work for Emhart.

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**The Fenn Manufacturing Company** of Newington plans to put up a large addition to its plant, increasing the firm's manufacturing area by one-third. The need for the new wing, which will be completed next June, is the result of an expansion in the market for the metal forming machines Fenn manufacturers.

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**Hamilton Standard** of Windsor Locks, division of United Aircraft has developed the first air conditioning system to use an aircraft's own fuel supply. The system has gone into operation on a specially modified Convair B-58 bomber and cools the electronic guidance equipment of a missile now being flight tested on the bomber. It also cools equipment for launching, tracking and monitoring the missile. Company officials announced that the new system has its greatest potential on supersonic aircraft where extremely high temperatures developing inside the electronic compartments must be controlled. Conversion of a low temperature fuel supply into a coolant provides this control without adding extra weight to the aircraft. The new Hamilton Standard system has a capacity of 12 tons, enough to air condition six five-room houses. It operates automatically over a range of temperatures from below zero to more than 200 Degrees Fahrenheit.

## With Hornblower & Weeks

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—V. Blake Allison and Boleslaw J. Tobiasz are now associated with Hornblower & Weeks, 95 State Street. Both were formerly with du Pont, Homsey & Company.



# Exchange Firms Elect Officers

Wendell W. Witter, partner in Dean Witter & Co., San Francisco, was elected President of the Association of Stock Exchange Firms at the annual meeting of the Board of Governors. Mr. Witter has been a member of the Board since 1957, holding the office of Vice-President during the past year. He also has served on the business conduct committees of the Pacific Coast Stock Exchange and District #2 of the National Association of Securities Dealers, Inc. Mr. Witter succeeds David Scott Foster of Pershing & Co., New York.

Wendell W. Witter

James A. Hetherington, II, Goodbody & Co., New York and H. Lawrence Bogert, Jr., Eastman Dillon, Union Securities & Co., New York, were elected Vice-Presidents and Bayard Dominick, Dominick & Dominick, New York, Treasurer.

Governors elected to the Board of 35 are:

Robert H. B. Baldwin, Morgan Stanley & Co., New York; H. Lawrence Bogert, Jr., Eastman Dillon, Union Securities & Co., New York; Richard de La Chapelle, Lee Higginson Corporation, New York; Bayard Dominick, Dominick & Dominick, New York; William E. Hutton, W. E. Hutton & Co., New York; David B. McElroy, Clark, Dodge & Co., Inc., New York; Joseph R. Neuhaus, Underwood, Neuhaus & Co., Inc., Houston; Ludlow F. North, Robert W. Baird & Co.; Milwaukee; McKee Nunnally, Courts & Co., Atlanta; Wayne M. Spade, Watling, Lerchen & Co., Detroit; C. Newbold Taylor, W. H. Newbold's Son & Co., Philadelphia; Robert C. Van Tuyl, Shearson, Hammill & Co., New York.

Elected as the Nominating Committee for 1961:

James F. Burns, Jr., Harris, Upham & Co., New York; Horace W. Frost, Tucker, Anthony & R. L. Day, Boston; William E. Huger, Courts & Co., Atlanta; Maynard C. Ivison, Abbott, Procter & Paine, New York; Edward Rotan, Rotan, Mosle & Co., Houston.

# Southeastern Secs. In Charlotte

CHARLOTTE, N. C. — Southeastern Securities Corporation has been formed with offices in the Law Building to engage in a securities business. Officers are James F. Clardy, President; Andrew R. Blair, Vice-President and treasurer; and Forrest E. Brinson, Vice-President and Secretary. Mr. Clardy was formerly an officer of McCarly & Company, Inc., with which the others were also associated.

## With R. M. Barker Co.

(Special to The Financial Chronicle)

ROCKPORT, Mass. — Ralph E. Barker has joined the staff of R. M. Barker & Co., 69 Main Street. He was formerly with Mann & Creesy.

## With Merrill, Turben

(Special to The Financial Chronicle)

CLEVELAND, Ohio — William O. H. Freund, Jr., has been added to the staff of Merrill, Turben & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

# New York Savings Banks' Answer to Its Critics

*Continued from page 19*

return on it whether that contributor be a depositor and not a stockholder, or stockholder and not a depositor.

**Quotes Wharton School Professor on Mortgage Lending Policies**

For three years now our industry has been under attack from a number of sources regarding our mortgage lending policies. To obtain the impartial facts, and only the facts, our Association commissioned a recognized authority in the field of finance to study this question.

The report, by Dr. Chester Rapkin, Professor of Finance, Wharton School of Finance and Commerce, University of Pennsylvania, has recently been distributed. Nevertheless, I would like to note a few of the highlights of his study which is titled "Geographical Pattern of Mortgage Lending by New York State Savings Banks."

Among Dr. Rapkin's findings are:

(1) Home financing by New York State savings banks is vital to the growth and prosperity of both New York State and the nation.

(2) Any restriction on out-of-state lending by these savings banks would prove costly to the people of New York State.

And, Dr. Rapkin reports, "a restriction on out-of-state lending by mutual savings banks might be considered a hostile act by states adversely affected by it. Such action could, therefore, motivate a series of retaliatory counter measures that would prove costly to the people of New York State."

Space does not allow me to summarize all the findings of this new study. However, it does make clear that the savings banks have consistently played their full part—and more—in meeting the legitimate housing needs of the people of our state.

Further, the study shows conclusively that any restriction on our out-of-state mortgage lending would reduce the dividend savings banks would be able to pay by one-quarter of one percent. This would result in a shift of deposits to other savings media and away from savings banks. Since the state cannot restrict out-of-state lending of Federally-chartered thrift institutions, these funds would eventually find their way to other states because of the higher yield and would be lost to New York State.

It is timely at this point to refer to the fund set up last year by the savings banks so that loans could be made to builders in those areas of the state where a shortage of mortgage money had developed. Although this fund has been in existence for almost a year now, no calls have been made on it.

While the accusations, recriminations and attacks on the savings bank industry are not in the public interest—and therefore to be deplored—let's not think for a moment that they will cease, or even slacken. To the contrary, we can expect much more of the same in the months ahead.

These recurring attacks justify us in coming to the conclusion that they have become a definite pattern of the modus operandi of our competitors.

These attacks cannot be ignored, for it is well-known that when misstatements are made sufficiently often and go unanswered, they are accepted as fact by the uninformed.

Savings bankers are all familiar with the constant efforts of certain commercial bankers, with the support of the ABA and other commercial-bank associations, to obtain amendment of the Federal income tax law as it applies to mutual thrift institutions. These proposed amendments would reduce our ability to provide reserves for depositor protection and, in many cases, limit the amount of interest paid to depositors which could be deducted by savings banks for tax purposes. Stated somewhat differently, the real effect of these proposals would be to restrict our ability to encourage thrift and serve a growing economy. These commercial-bank proposals are usually coupled with provisions which would reduce the taxes on commercial banks. They would "soak the saver"—for the benefit of the stockholder. This subject is having the attention of the association, cooperating with the National Association of Mutual Savings Banks.

**Offers Suggestion to Commercial Banks**

A survey of Commercial bankers throughout the country, made last September by the *American Banker*, revealed that nearly 84% of the 2,594 banks responding were opposed to an increase in the 3% limit on savings deposits in commercial banks.

Perhaps I might be permitted to make this personal observation:

If commercial banks are finding it difficult to pay an interest rate on their thrift accounts commensurate with that paid by savings banks and still have earnings after taxes adequate to pay the current dividend they are paying to their stockholders then perhaps the proper approach to their problem—and for the safety of their depositors' funds—would be for them to segregate their thrift funds, invest them in the same restrictive manner applicable to savings banks and ask that on such earnings they be taxed on the same basis as savings banks.

It must be obvious that for purposes of competitive advantage, commercial banks are promoting legislation aimed at bringing down the higher interest rate paid by savings banks.

In order to build one's own home it is not necessary to tear down the home of his neighbor.

If the people of this country are to be persuaded to save and to continue to save, then they must have reasonable assurance of an uninterrupted and adequate return on their savings, the ultimate in safety, and the continuity of service, that has been traditional with savings banks.

I need not quote for the members of our association the deposit statistics of our banks for the past nine months or for the year 1959. They are thoroughly familiar with them.

In general I am sure they will agree that the deposits have been unsatisfactory, and especially so in the light of what will be needed by our national economy and our people in the coming years.

In the face of alert competition no enterprise can afford to stand still. It is axiomatic that no business can exist if for any prolonged period it fails to grow. Growth is truly the life blood of every segment of industry.

This is true of savings banks, and while I am gratified that under legislation passed at the last session of the New York State Legislature and effectuated by action of the Banking Board some of our banks have been able to expand into growing communities, there are other communities of our state whose residents want and need the services of

savings banks. They should get them.

All sound businesses regularly examine their lost business records and conduct market research. The New York Savings Banks Association is moving ahead in this respect. Two useful surveys were made this year and more are planned.

One of this year's surveys was made to ascertain the purposes for which major amounts were withdrawn from our banks, and the attitudes of these depositors towards savings banks; the other, to determine the savings habits of New York State residents.

These reports not only furnished and continue to furnish the Association's Committee on Public Information with material of value in directing our public relations efforts and advertising on the State level, but also provide the individual member bank with data that can be used in its areas of immediate interest. We trust the contents of these reports will be put to good use by every savings bank in the State of New York. The many committees, the official staff, and the Council of Administration of the Association are giving conscientious attention to the many problems facing our industry.

I have referred briefly to the great purpose for which we exist, to a small part of the work being carried on by the Association, to our competition and to some of our problems. In respect to all our problems and challenges, I am not disturbed, for I am confident that we have the abilities within our organization to meet them and successfully overcome them. However, to do so will require our unrelenting, all-out efforts.

Let me therefore set forth briefly what I believe, that we—with the fullest cooperation of all our membership—must do.

**Programs for Savings Banks**

**First.** We must move ahead with our program to make all savings banks leaders more effective on the political scene, at all levels of government. This is very necessary, for we must always be in a position to present our case fully in respect to any proposed legislation.

**Second.** We must fight the irresponsible attacks made on our industry. We must never lose an opportunity to nail down the untruths. Never lose an opportunity to tell our story. The savings banks industry cannot afford to be the silent service.

**Third.** We must, as individual banks, improve and perhaps (under certain circumstances) increase our advertising, promotion, publicity and public relations activities. And we must all vigorously support—and participate in—the Association's efforts to gain fuller public awareness and understanding of our industry through our Public Information Program that will be voted on later this week.

**Fourth.** We must train our personnel so that they are better informed about our industry, as well as about the bank they serve. We must train them to sell savings banking, and their individual banks.

**Fifth.** We must not relent in our search for bright young men and women to insure a continuing and increasing vitality in our industry in all areas of our activity.

**Sixth.** We must utilize to a greater extent the experience, the wisdom and the advice of our trustees in helping us to broaden and modernize our outlook, improve our services and our public standing.

**Seventh.** We must be alert to change—alert to meet the needs and desires of our depositors, potential depositors and the depositors of the future.

**Eighth.** Above all, we must continue to serve the people of our communities and our state with ever increasing vigor and perception. Only by so doing, we fulfill our trust.

In conclusion, let me say: Tradition does not prevent imagination. Dignity does not bar aggressiveness. Prudence does not preclude boldness. And past success must not tranquilize us.

We must work together and fight together for what we believe in together.

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***An address by Mr. Gleason before the 67th Annual Convention of the Savings Bank Association of the State of New York, White Sulphur Springs, West Virginia, Nov. 9, 1960.**

## Investment Corp. Branch

HAMPTON, Va.—Investment Corporation of Norfolk has opened a branch office at 702 West Military Road under the direction of Evan Van Leeuwen.

# N. J. Bell Tel. Debs. Offered

An underwriting group headed by Morgan Stanley & Co. offered for public sale on Nov. 15 a new issue of $20,000,000 New Jersey Bell Telephone Co. 40-year 4⅞% debentures. The debentures, due Nov. 1, 2000, are priced at 102.875% and accrued interest to yield 4.714% to maturity. The Morgan Stanley group bought the issue at a competitive sale on Nov. 14 on a bid of 102.05999% which named the 4⅞% coupon.

The proceeds from the sale will be applied by the company toward repayment of outstanding advances from American Telephone and Telegraph Company, parent organization. These advances are expected to approximate $33,900,000 at the time the proceeds are received.

The debentures are redeemable at 107.875% to and including Oct. 31, 1962 and thereafter at prices decreasing to the principal amount on and after Nov. 1, 1995.

Capitalization of the company outstanding on June 30, 1960 consisted of $170,000,000 of funded debt and 31,250,000 shares of common stock of $16 par. In connection with its plans for financing future construction, the company intends to sell to American Telephone at par $16 up to $60,000,000 common capital stock from time to time prior to July 1, 1962.

On June 30, 1960 the company had 2,876,006 telephones in service of which about 63% were in the northeastern part of New Jersey in the counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union.

# James Smith Joins Mario Cacchione

James A. Smith and Mario R. Cacchione, member of the American Stock Exchange, have formed Cacchione & Smith, Inc., with offices at 42 Broadway, New York City. Mr. Smith was formerly President of the American Trust Company of New York, and prior thereto was an officer of Bank of America and Transamerica Corp.

Victor Scutari, Jr. will be in charge of research for Cacchione Smith.

## With Smith, Barney

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Joseph A. Knight Jr. is now connected with Smith, Barney & Co., 125 High Street.

# NEWS ABOUT BANKS AND BANKERS

*Consolidations • New Branches • New Offices, etc. • Revised Capitalizations*

**The Chase Manhattan Bank, New York** has appointed Manuel I. Prado and Stephen Pryke to the official staff as Assistant Vice-President, announced Nov. 16. Both are in the international department.

Mr. Prado, has been with the bank since 1956. He had been the bank's representative in Caracas, Venezuela since 1957. In his new assignment he will be associated with the European division of the international department.

Mr. Pryke, joined the bank in July, 1960 after 30 years with the **Westminster Bank Ltd., London, England.** He is associated with the division of the interantional department which handles the bank's business in the United Kingdom.

The appointment of Waldeck A. Thiel as Assistant Treasurer in the metropolitan department also was announced. He is at the Fifth Avenue and 44th Street branch in Manhattan.

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George Champion, President of **Chase Manhattan Bank, New York,** has announced the appointment of Charles E. Fiero as Vice-President. Announced, also, were the appointments of Curtis G. Callan, John E. Tighe, and Alfred R. Worster as Assistant Vice-Presidents.

Mr. Fiero joined **Chase National Bank** in 1950 and in 1955 was appointed Assistant Treasurer. He was appointed Assistant Vice-President in 1958, after the bank's merger with the **Bank of the Manhattan Company.**

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The retirement of Amos B. Foy, Vice-President-International Division of **Chemical Bank New York Trust Company, New York,** was announced Nov. 14 by Chairman Harold H. Helm. For the past 32 years, Mr. Foy has been in charge of the Bank's Latin American business. He will continue his association with the Bank as a consultant and as a member of the Advisory Board on International Business.

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Appointment of Herbert C. Muller as an Assistant Vice-President of **Manufacturers Trust Company, New York** was announced Mov. 5 by Horace C. Flanigan, Chairman of the Board.

Mr. Muller came to the bank in 1950, and was appointed an Assistant Secretary in 1952.

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On Nov. 8, David B. Mathias, 56, Vice-President and General Auditor of **Bankers Trust Company, New York,** died at New Rochelle Hospital.

He began his career in 1928 with Bankers Trust Company as check auditor. In 1933 he became Assistant Auditor, and Auditor in 1941. He has been Vice-President and General Auditor since 1955.

* * *

Henry C. Brunie, President of **Empire Trust Co., New York,** announced the election of Roy D. Wooster to the bank's Board of Directors.

* * *

Laurence A. Tisch has been appointed to the Board of Directors of **The Sterling National Bank & Trust Company of New York.**

* * *

Mr. Byron L. Harrison, retired President of the **Gotham Bank, New York,** died on Nov. 8, at the age of 62.

Mr. Harrison started his banking career in 1927 with the **National Bank of Commerce, Asheville, N. C.** In 1937 he joined the **Bank of the Manhattan Co.,** and was an Assistant Vice-President when it merged with **Chase National Bank.** He remained with Chase National after it was merged. In 1958 he was elected President and Chief Executive Officer of the **Pennsylvania Exchange Bank,** whose name was later changed to Gotham Bank. He has been retired since last year.

* * *

Charles C. Joyce, Trustee, Senior Vice-President and Secretary of the **East River Savings Bank, New York,** celebrated his 40th Anniversary with the bank on Nov. 15.

Mr. Joyce joined East River Savings Bank in 1920. Prior to his election as Trustee and Senior Vice-President in 1957, he held successively the official posts of Auditor, Comptroller, Treasurer, Vice-President and Treasurer, Administrative Vice-President and Secretary.

* * *

George O. Nodyne, President of the **East River Savings Bank, New York,** announced on Nov. 10 the election of Thomas R. Wilcox to the Board of Trustees. Mr. Wilcox is Executive Vice-President of **The First National City Bank of New York.**

Mr. Wilcox's career started in 1934 with **First National City Bank.**

Prior to his election as Executive Vice-President of **The First National City Bank** in 1957, he held successively the official posts of Assistant Cashier, Assistant Vice-President and Vice-President, subsequently heading the Bank's West Coast District. In 1955, Mr. Wilcox joined the Metropolitan Division of the Bank and two years later was designated Vice-President in charge of this Division.

* * *

On Nov. 14 the **Meadow Brook National Bank** moved its headquarters from West Hempstead, L. I. to Springfield Gardens, Queens, and opened eight offices in the city. Three offices are located in Manhattan, one is in Brooklyn and four are in Queens. They were acquired through the merger of Meadow Brook with **Queens National Bank, New York,** and the **Colonial Trust Company, New York.** This makes Meadow Brook the first suburban bank to expand into New York City.

* * *

William E. Neilson has been named Assistant Mortgage Officer of **The County Trust Company, White Plains, N. Y.**

* * *

The consolidation of the **Manufacturers National Bank of Lewiston, Lewiston, Maine,** with common stock of \$1,000,000, and the **First National Bank of Lewiston and Auburn, Lewiston, Maine,** with common stock of \$900,000, became effective as of Oct. 28. The consolidated bank has taken the name of the **First-Manufacturers National Bank of Lewiston and Auburn,** with capital stock of \$2,068,750, divided into 165,500 shares of common stock of the par value of \$12.50 each.

* * *

**The Manufacturers National Bank of North Attleboro, Mass.,** will be acquired by the Baystate Corp., a bank holding company with headquarters in Boston. Baystate has received permission to acquire up to 100% of Manufacturer's shares from the Federal Reserve Board.

* * *

By a stock dividend, **The First National Bank of Allendale, Allendale, N. J.,** has increased its common capital stock from \$262,500 to \$315,000 and by the sale of new stock, from \$315,000 to \$390,000, effective Nov. 4. (Number of shares outstanding 7,800 shares, par value \$50.)

* * *

The Board of Directors of **The Philadelphia National Bank, Philadelphia, Pa.** and **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** Nov. 15 approved a plan for a merger of the two banks.

A joint announcement was made by Frederic A. Potts, President of Philadelphia National, and George H. Brown, Jr., President of Girard, who said the merger is subject to the adoption of a formal agreement by both boards, the approval of the shareholders of both banks, and the required approval by Federal banking authorities.

The merged bank, which will operate as a national bank and use the charter of the Philadelphia National which was organized in 1803, will be known as the **Philadelphia Girard National Bank and Trust Company.**

Under the plan, each shareholder of Girard will receive 1.2875 shares of stock of the merged bank for each share of Girard stock presently held. Each shareholder of Philadelphia National will retain the number of shares presently held.

The principal officers will be as follows: Frederic A. Potts, President of Philadelphia National, will be Chairman and Chief Executive Officer; George H. Brown, Jr., President of Girard, will be President and Chief Administrative Officer; Geoffrey S. Smith, Chairman of Girard, will be Vice-Chairman and Chairman of the executive committee; John McDowell, Executive Vice-President of Philadelphia National, will be Executive Vice-President; George R. Clark, Vice-Chairman of Girard, will be a Vice-Chairman.

The merger will result in a bank with total resources exceeding \$1,750,000,000. Capital and surplus will be \$150,000,000. There will be 66 offices serving the industrial and residential complex of Philadelphia, Delaware, Montgomery, and Bucks Counties, including three offices approved but not yet open.

* * *

William M. Zsembik has been elected Assistant Treasurer of the **Industrial Trust Co., Philadelphia, Pa.,** it was announced by Samuel Weinrott, President.

* * *

On Nov. 11, Mr. Francis P. Burns, 62, died at the offices of the **Beneficial Mutual Savings Bank, Philadelphia, Pa.,** of which he was President for the past eight years.

Mr. Burns began his career with Beneficial 44 years ago. Besides being President of this bank, he is also a Director of the **Provident Tradesmen's Bank and Trust Company, Philadelphia, Pa.** In 1959 he was appointed to the Pennsylvania Banking Board.

* * *

William R. Collins, Director of **The First National Bank of Cincinnati, Ohio,** was elected a Director emeritus Nov. 8 following his retirement as an active Director.

The First National Board also named his son J. Rawson Collins a Vice-President and elected him to replace his father as Director, according to the announcement made by Reuben B. Hayes, Chairman of the Board, and Fred A. Dowd, President.

William R. Collins has served as a Director of First National since December, 1928. He organized the **First National Bank of Norwood, Ohio** in 1902 and **The Oakley Bank, Ohio** in 1903.

J. Rawson Collins joined First National in 1934 and became a Trust Officer in 1949.

* * *

Wallace W. Wilson has been named Vice-President of the **Continental Illinois National Bank & Trust Co., Chicago, Ill.**

* * *

Lawrence F. Stern, Chairman of the Board of **American National Bank and Trust Company of Chicago, LaSalle at Washington,** announced the appointments of Frederick R. C. Nixon and Peter B. Metzdorf as Assistant Cashiers.

* * *

**The Punta Gorda State Bank, Punta Gorda, Florida,** has converted into the **First National Bank in Punta Gorda, Punta Gorda, Charlotte County, Florida.** Its President is W. E. McNulty, Cashier is Vernon J. Drew, and was effective as of Oct. 31. The bank's capital and surplus total \$495,046.79.

**The First National Bank, Shreveport, La.** has announced the appointment of Gerald M. Peace as Vice-President.

* * *

**The Republic National Bank of Dallas, Dallas, Texas,** has increased its stock common capital stock, by a stock dividend, from \$47,333,220 to \$48,279,876, effective Nov. 3. (Number of shares outstanding 4,023,323 shares, par value \$12.)

* * *

The Comptroller of the Currency gave its approval on Nov. 1 to an application to merge **Citizens Bank of Kirkland, Kirkland, Wash.,** with and into **Peoples National Bank of Washington in Seattle, Seattle, Wash.,** under the title of **Peoples National Bank of Washington in Seattle.** The date of effect is expected to be Dec. 22.

## Security Traders Association Of Chicago, Inc.

**Charles G. Scheuer** **George F. Hummel** **Theodore E. Wouk** **Glen J. Thoma**

*President:* Charles G. Scheuer, *Wm. H. Tegtmeyer & Co.*

*Vice-President:* George F. Hummel, *Reynolds & Co.*

*Secretary: Theodore E. Wouk, The First National Bank of Chicago.*

*Treasurer:* Glen J. Thoma, *Harris, Upham & Co.*

*Directors:* Leonard Friedman, *Boettcher and Company;* Adolph C. Egner, *Shearson, Hammill & Co.;* John P. O'Rourke, Jr., *J. P. O'Rourke & Co.;* Morey D. Sachnoff, *Cook Investment Co.;* James H. Scott, *Blyth & Co., Inc.*

**These distinguished (Security Traders Association of Chicago, Inc.) Officers invite you to attend their January 30th party at the Ambassador Hotel.**

**The CHRONICLE will cover this important meeting of the Chicago Traders with candid photographs and news briefs . . . in an 8-page special section.**

**We invite you to place your advertisement on these pages. Our rates are low. Please check size you wish and return now for preferred positions in the Chicago Traders issue.**

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# Montreal Bond Traders Association

**Jack Love, *Dominion Securities Corpn., Ltd.*; Barney Nieman, *Carl Marks & Co., Inc.* (New York); John Baird, *MacTier & Co., Ltd.***

**J. K. Finlayson, *Royal Bank of Canada*; L. L. Bell, *James Richardson & Sons* (Toronto); Floyd Innes, *Sun Life Assurance Co. of Canada*; John Ledoux, *James Richardson & Sons***

**J. P. Ostiguy, *Morgan, Ostiguy & Hudon Ltd.*; Fremont Robson, *McLeod, Young, Weir, Incorporated* (New York City); C. J. Oates, *A. E. Ames & Co., Ltd.***

**Don Malcolm, *National Trust Company*; Tony Hedge, *National Trust Company*; Peter Dixon, *A. E. Ames & Co., Ltd.***

**Walter Downs, *W. L. Latimer Inc.*; Jerry Laberge, *Dominion Securities Corpn. Ltd.*; Don McKenzie, *Kippen & Company, Inc.*; Mike Schewchenko, *W. D. Latimer Inc.*; Harry Askew, *W. D. Latimer Inc.***

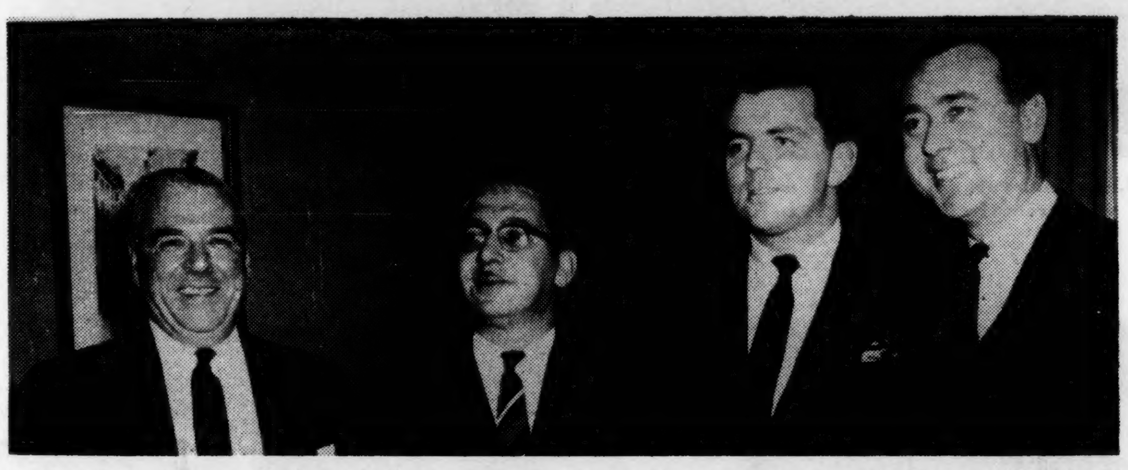
**Ross McCulloch, *Royal Securities Corporation Ltd.*; Bob Smith, *Bache & Co.*; Herman Shapiro, *Bache & Co.*; Chet Burley, *Bache & Co.* (New York City); Lloyd Sampson, *Bache & Co.*; Harry Shapiro, *Bache & Co.*; Fred Watt, *Bache & Co.***

# Thirty-Third Annual Dinner



Guy Hudon, *Morgan, Ostiguy & Hudon, Ltd.*; Bellman Mason, *Mason & Crysdale Ltd.* (Toronto); Mickey McBride, *Midland Securities Corpn. Ltd.* (Toronto); Andrew Armstrong, *Graham, Armstrong Securities Ltd.*

Eric Wright, *Geoffrion, Robert & Gelinas Co.*; Andre Beauchamp, *Geoffrion, Robert & Gelinas Co.*; Claude Boulanger, Guest; Bill Coleman, *Burns Bros. & Denton, Inc.* (New York City)



Lucien Cote, *Morgan, Ostiguy & Hudon Ltd.*; B. Normandin, Assistant General Manager, *Provincial Bank of Canada*; Bruce Kippen, *Kippen & Company, Inc.*; George Vilim, *Morgan, Ostiguy & Hudon Ltd.*

Bruce Townley, *Toronto Dominion Bank* (Montreal); John Ballard, *Toronto Dominion Bank* (Montreal); John Donaldson, *Mills, Spence & Co. Ltd.* (Montreal); Peter Sutton, *Mills, Spence & Co. Ltd.* (Toronto); John Aikman, *Van Strum & Towne* (Montreal)

Dick Chamberlain, *Nesbitt, Thomson & Co., Ltd.*; Jerry Barry, *Nesbitt, Thomson & Co., Ltd.*; Craig Malcolm, *Nesbitt, Thomson & Co., Ltd.* (Toronto); Donald Schaefer, *Nesbitt, Thomson & Co., Ltd.*

# Friday, November 4, 1960

John Scholes, *Royal Trust Company;* Robert R. Sale, *Walwyn, Stodgell & Co., Ltd.* (Toronto); R. S. Phillips, *Standard Life;* Dominik Dlouhy, *La Maison Bienvenu, Ltee.;* H. W. Miller, *H. W. Miller & Co.*

Edgar Hill, *Royal Securities Corporation Ltd.;* Jim McLaughlin, *Wood, Gundy & Co., Ltd.;* Don Erwood, *Harris & Partners, Ltd.* (Toronto); Stan Kimber, *Mills, Spence & Co., Ltd.*

C. P. Keeley, *McLeod, Young, Weir & Company Ltd.;* Kenneth A. White, *Royal Trust Company;* R. M. Grills, *McLeod, Young, Weir & Company Ltd.;* Ron Cairns, *McLeod, Young, Weir & Company Ltd.* (Toronto); Bill Marshall, *McLeod, Young, Weir & Company Ltd.*

Allan Chippindale, *Calvin Bullock, Ltd.;* King Doody, *Sun Life Assurance Co. of Canada;* Hector Vidricaire, *James Richardson & Sons;* Don Kerlin, *Montreal Trust Company*

Volume 192 Number 6004 . . . *A Supplement to The Commercial and Financial Chronicle*

# At The Ritz-Carleton Hotel, Montreal

David Curry, *A. E. Ames & Co., Ltd.*; Michael Wetmore, *A. E. Ames & Co., Ltd.*; Gordon Hodgson, *Montreal Trust Company*; John Saint-Pierre, *Graham, Armstrong Securities Limited*

Jim Carnegie, *Wisener, Mackellar & Co. Ltd.* (Toronto); Tom Ormesher, *A. E. Ames & Co., Ltd.* (Toronto); Michael Curry, *A. E. Ames & Co., Ltd.*; Gordon Bales, *A. E. Ames & Co., Ltd.*

T. Boland, *Bank of Canada*; Rodolphe Casgrain, *Casgrain & Co. Ltd.*; A. Clark, *Bank of Canada*; Peter Crysdale, *Mason & Crysdale* (Toronto)

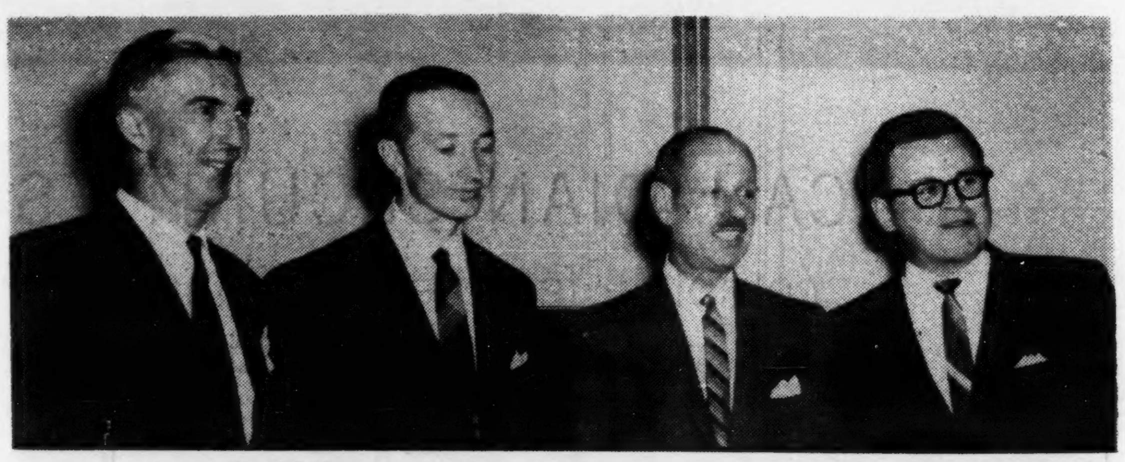
Terry Stott, *Greenshields & Co. Ltd.* (Toronto); Lloyd Garrett, *La Maison Bienvenu, Ltee.*; Jan Den Hertog, *Greenshields & Co., Inc.*; John MacKenzie, *Greenshields & Co Inc.*

Ed Peet, *Burns Bros. & Denton, Inc.* (New York City); Bill Coleman, *Burns Bros. & Denton, Inc.* (New York City); Andre Tetrault, *Burns Bros. & Denton, Ltd.* (Montreal); E. W. Turner, *Burns Bros. & Denton, Ltd.* (Montreal)

William Stewart, *Midland Securities Corpn., Ltd.*; Lloyd Whitten, *Montreal Trust Company*; Bruce Hildebrand, *Montreal Trust Company*; Bud Roberts, *Midland Securities Corpn., Ltd.*

Jim Keating, *Dominion Securities Corpn. Ltd.*; E. A. Hayhurst, *Sun Life Assurance Co.*; James Henderson, *Dominion Securities Corpn. Ltd.*; Ben Scott, *Dominion Securities Corpn. Ltd.* (Toronto)

H. F. Seymour, *Greenshields & Co Inc.*; G. S. Kitchin, *Imperial Bank & Trust Company*; Henri Turgeon, *Greenshields & Co Inc.*; Leonard King, *Goodbody & Co.* (New York City)



R. Ouimet, *Dawson, Hannaford & Co. Ltd.*; Y. Besant, *A. E. Ames & Co., Ltd.*; W. K. Bird, *Canadian Bank of Commerce*; George Mulligan, *Nesbitt, Thomson & Co., Ltd.*

Ed Hummel, *Bank of Nova Scotia*; Ken Bell, *Bank of Nova Scotia*; Rene Ruel, *Bank of Nova Scotia*

# Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Even though the election is now a matter for the records, it is not expected that the money and capital markets will be influenced very much in the interim period between now and Inauguration Day by other than the usual operations of the Federal Reserve Board. In face of what is going on in the economy, it is believed that the pattern of interest rates will still be one of ease. In addition, there will be enough credit available so that the seasonal demand will be met very readily.

Massive intervention by the Federal Reserve Banks in the money markets is tending to keep interest rates on the easy side. This likewise means that the supply of credit is ample. And the Federal Reserve Banks are continuing the program of buying other than Treasury bills in supplying the wherewithal to the member institutions of the system. This recent change in money market policy is being watched very closely to see when and if bond maturity issues will be bought by the Federal Reserve Banks.

**Election Result Viewed Calmly**

The money and capital markets appear to have taken the election of a new President of the United States pretty much in stride. To be sure, there has been some backing and filling in prices of the intermediate and long-term obligations because there is still a fair amount of professionalism in the market action of these obligations. On the other hand, there is evidence that selected medium and long-term governments are still being bought by investors who are making maturity commitments. These purchases are growing and, with the trend of interest rates on the decline, it is evident that these commitments which have been made over a period of time, and now amount to fairly sizable positions, have not been and are not likely to be a burden to their owner from either the standpoint of price and/or yield.

It is indicated that not a few buyers of these government bonds have been able to get their holdings of selected issues up to levels that are considered to be very much on the satisfactory side. And, in view of the belief that free world interest rates will continue to decline, they will still be adding to these securities.

**Fed's "Bills Only" Policy Questioned**

The "bills only" policy of the Federal Reserve Board is still the subject of a considerable amount of conversation, especially since the election of Mr. Kennedy as President of the United States. It is well known that the short-term securities purchases of the monetary authorities for the purpose of influencing the flow of funds in and out of the money market has not been too well taken by, not only certain members of the Congress, but also by the President-elect. There is no doubt but what the way in which open market operations will be handled in the future will be the subject of considerable discussion from here on in.

The use of "bills only" to influence the money and capital markets in the opinion of some money market specialists is not the most effective way in which the economy can be helped. It is believed that the use of long-term obligations in open market operations will have a faster and more effective influence on the business pattern than would the use of short-term obligations only. It is also the contention in some circles of the money market that the open market operations of the Federal Reserve System should be watched very closely for ways as to how they may be modified, if any further, in light of the loss of gold because of the more attractive short-term rates which are available in foreign countries.

**Foreign Interest Rates Being Depressed**

The reduction in the West German bank rate from 5% to 4% was not an unexpected development since there are growing opinions in the financial district that, not only is there a free world movement afoot to push interest rates down, but also a co-operative Central Bank venture is being undertaken.

The objective, of course, is to bring rates abroad down to levels which will not make it worth while to ship funds or gold from the United States because of the return available in foreign countries.

**"Junior" Advance Refunding Proposal**

The so-called "junior refunding" operation, which would involve selected intermediate term issues, will most likely wait now until after Inauguration Day, Janurary 20. There appears to be agreement among most money market experts that such an undertaking is only a matter of time after the change-over in government has been made. This feeling is one of the prime reasons for the interest which is appearing in the intermediate term obligations.

## Naftalin Adds

MINNEAPOLIS, Minn.—Ernest W. Naiditch has been added to the staff of Naftalin & Co., Inc., 207 South Sixth Street.

## With Chandler Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—George D. Hansen has become associated with Chandler & Co., 9808 Wilshire Boulevard. Mr. Hansen, who has been in the investment business for many years, was formerly with John J. Keenan & Co. Inc. and Oscar Kraft & Co.

## Now With Murch & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Edward F. Mundzak is now with Murch & Co., Inc., Hanna Building, members of the New York Stock Exchange. Mr. Mundzak was formerly with First Cleveland Corporation.

## Anderson Heads Div. of Fund Drive

**H. B. Anderson, of Merrill Lynch, Pierce, Fenner and Smith Inc., has been named Chairman of the Produce Exchange Division of the New York Arthritis and Rheumatism Foundation. His appointment was announced by Edward Allen Pierce of the same brokerage firm, who is President of the Arthritis Foundation. Mr. Anderson heads the Foundation's 1960-61 drive to raise funds among produce exchange members.**



# MUTUAL FUNDS

*BY ROBERT E. RICH*

## Money Managers and Merchandisers

The American Finance Conference held its annual convention in Chicago last week. Top executives of the country's finance companies—the money merchandisers who operate on both sides of the money street — heard an especially interesting talk given by Edwin W. Crysler, Jr., Vice-President in charge of investment research for Wellington Management Co.

This leader in the field of money management did some merchandising for the mutual funds as he told the finance companies where they could best place their securities, which funds buy what types of finance company securities and what the funds want. While it is true that other fund leaders have performed similar chores before, Mr. Crysler's case was presented with the kind of research, statistics and insight that merits our attention.

For the finance company conference he had compiled a list of the 12 largest mutual funds and their holdings of finance company securities, as of the beginning of this year. Thus, his listeners learned that these 12 funds account for about one-half of all mutual fund assets, hence the results could be expected to be fairly representative. Their assets range from about a quarter billion to one and a half billion dollars. "These are the funds that generally make large commitments," said Mr. Crysler, "and tend to concentrate on finance companies of substantial size."

The survey developed that these dozen funds held $278,000,000 worth of finance company securities, representing about 3½% of their assets. The three largest funds — Massachusetts Investors Trust, Investors Mutual and Wellington Fund — held $207,000,000, or nearly 75% of all these finance firm holdings. Mr. Crysler went on to break down holdings into notes, short-term paper, common stocks and the rest.

His audience also learned that preferred stocks, aside from those with conversion or warrant privileges, are not in fashion with most funds. He explained: "Preferred stock yields are only fractionally higher than the yields generally available on good grade bonds and consequently preferreds are not attractive to most funds from an income point of view."

Mr. Crysler mentioned some of the restrictions under which funds generally operate, such as the prohibition on holding more than 10% of any class of a company's securities and investing more than 5% of their own resources in any one corporation. He ended up by saying that he hoped sales finance companies would continue to pay the kind of interest rates and investment returns that "we need in order to prosper as mutual fund investment managers."

"The more you pay," said he, "the more of our investment money, I suspect, you will attract."

We have provided here only the barest summary of Mr. Crysler's remarks, which included a detailed analysis of the investment company business, open and closed end. It was the kind of public relations chore that is sorely needed and could stand repetition in talks before hundreds of other business conferences. Industry long has been aware of the stockholder, but it is doubtful that the increasingly important role of the funds is truly appreciated.

The figures, as Mr. Crysler presented them to the American Finance Conference, are impressive enough. Mutual funds have some 4,500,000 shareholder accounts, representing over 2,000,000 shareholders, both individuals and institutions. One of every six public stockholders owns shares in a mutual fund. Indeed, one of 10 public stockholders owns stock only in a mutual fund.

Fund managers already have been helpful to companies, large and small, seeking capital. They figure to loom even larger in the years ahead. With total assets approaching $18,000,000,000 — a sixfold rise within a decade— they represent a prime source of money for growing companies. Their holdings of common stocks alone are equal to about 4½% of the total market value of all such stocks listed on the New York Stock Exchange.

Attracting mutual fund investment money is certain to be vital to corporate management in the 1960's and Mr. Crysler's contribution to helping the money merchandisers appreciate the function and scope of the mutual funds is praiseworthy. There are innumerable groups of industries, less sensitive to the money market, which could benefit indeed from similar instruction.

# Funds Report

**United Corp.** declared dividends totaling 25 cents a share, payable Dec. 16 to stock of record Nov. 25. Of the dividends declared by this closed-end company, 10 cents was designated as payable from net investment income and 15 cents from net realized gains on investments. This brings 1960 total to 35 cents, same as in 1959.

* * *

Frank B. Allen, President of the Maplewood Bank and Trust Co. of New Jersey has been elected a member of the advisory board of the **Townsend Growth Fund, Inc.**

* * *

The **Templeton, Damroth** group of mutual funds, that well over a year ago began taking profits in common stocks and moving the proceeds into high grade bonds and governments, may begin to reverse this policy soon. "The time may be near," said John M. Templeton,, chairman of the board of Templeton, Damroth Corp., "when several TDC funds with large bond reserves should begin to think about which stocks are the best bargains for new purchases." Mutual funds associated with TDC include Corporate Leaders of America, Nucleonics, Chemistry & Electronics Shares, Lexington Income Trust and Research Investing Corp.

* * *

Approximately $9,000,000 in short-term British Government bonds were added to the portfolio of **Incorporated Investors** in the three months ended Sept. 30, the third-quarter report reveals. Bonds and cash currently comprise 11% of the portfolio, making them second only to electronics holdings which account for 13.1% of total investments. The next largest holding is steel, which comprises 10% of the portfolio (of which 5.8% are holdings in domestic companies and 4.2% are in British steel companies). Public utilities (8.3%) and railroads (7%) round out the five top holdings at present.

In addition to British bonds, other securities added to the Incorporated Investors portfolio during the quarter include: American Telephone & Telegraph Co., Bordon Co., Campbell Soup, C.I.T. Financial Corp., Coca-Cola, General Foods, Leesona Corp., National Biscuit, Procter & Gamble and R. J. Reynolds Tobacco Co.

* * *

**Abacus Fund**, a closed-end management investment company, declared a dividend of 3/100ths of a share of common stock of Gatineau Power Co. on each of the 855,716 shares of common stock of Abacus Fund outstanding, attributable to the second half of 1960. The dividend is payable Dec. 15, to stock of record Nov. 21.

Abacus Fund paid a dividend of 2/100ths of a share of common stock of Gatineau Power in June, attributable to the first half of 1960, bringing the total dividends paid for the year to 1/20th share of Gatineau.

* * *

Gross income of **Waddell & Reed, Inc.** and subsidiaries, principal underwriter and investment manager for the **United Funds** group of investing companies, showed an increase in the fiscal year ended Aug. 31 over a year before, but higher expenses resulted in reduced net income, the annual report showed.

Net income for the year was $1,014,642, equal to $1.07 a share on the outstanding 944,200 shares of common stock after preferred dividends, compared with $1,199,654, or $1.26 a share, a year earlier.

Income from sales of the various funds after salesmen's commissions, plus advisory and management fees, aggregated $8,240,687, up from $7,825,963 a year earlier. Investment research expenses rose from $2,125,125 to $2,418,543, and supervisory, administrative and sales expenses increased from $2,766,049 to $3,351,858. After profit sharing trust contributions and interest income, the earnings before taxes and minority interest was $2,377,644 against $2,663,339.

* * *

Sponsors of **Nucleonics, Chemistry & Electronics Shares** has published a pocket-size contractual salespiece. It measures the effect of inflation on the dollar's buying power over the past two decades and shows the investment record of the fund. It also features a capsule account of the three science growth industries.

## Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Kenneth L. Hamilton has become connected with Shearson, Hammill & Co., 520 South Grand Avenue. He was formerly with Thomas Jay, Winston & Co., Inc.

## Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard F. Halderman has become affiliated with Dean Witter & Co., 632 South Spring Street. He was previously with First California Company.

## With Henry Swift Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — William A. Miller has joined the staff of Henry F. Swift & Co., 490 California Street, members of the Pacific Coast Stock Exchange. Mr. Miller was formerly with Francis I. du Pont & Co.

## Joins Wulff, Hansen

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Peter Economos has joined the staff of Wulff, Hansen & Co., Russ Building. He was formerly with Dividend Securities Company.

# PUBLIC UTILITY SECURITIES

*BY OWEN ELY*

## Baltimore Gas & Electric Company

Baltimore Gas & Electric, with annual revenues of almost $180 million, is an old-line, conservative utility company. It started as the first gas company in America in 1816; and it was also one of the first electric companies beginning in 1881. The company's sound record is indicated in the slogan—"Half a Century of Dividends 1910-60—Always Earned—Never Reduced."

The company serves about 60% of the population of the state, in an area of 2,283 square miles in highly industrialized mid-Maryland. The territory is well located with respect to markets, materials, manpower and export-import trade; in 11 of the last 13 years the Port of Baltimore was the second largest in the nation in foreign trade tonnage.

Electricity is served to a population of about 1,850,000 and gas to 1,525,000. The company has no competition from co-ops or municipal plants in its area, and employees are not unionized. Electricity accounts for about 68% of revenues, gas 31%, and steam 1%. Electric revenues are about 35% residential, 31% commercial, 33% industrial and 1% miscellaneous; gas is 69% residential, 10% commercial, 19% industrial and 2% miscellaneous.

While Baltimore G. & E. does not enjoy a market rating as a "rapid growth utility," Maryland has been showing excellent growth with a population gain of 31% in the past decade compared with the national average of 18. Moreover, the census projection for the coming decade is a gain of 45% with Maryland continuing to rank third highest in rate of gain among the larger states. Kwh sales have been doubling about every decade over the past 40 years and gas sales quadrupled in the past decade, following introduction of natural gas. The company is planning to increase its utility plant nearly 50% in the five-year period 1960-64 which will involve a total expenditure of over $250,000.

Growth stems largely from heavy industrial expansion as well as continuing increase in the local operations of the Federal Government. In recent years the Bethlehem Steel plant at Sparrows Point has become the largest steel plant in the country, and plans have just been announced to increase ingot capacity by another 10%. Two large stainless steel operations—Armco and Eastern—have been greatly expanded in recent years, and each of them is now one of the largest of its kind in the world. The plants of American Smelting and Kennecott Copper together represent the largest electrolytic copper refining operation in the country. General Motors has a large assembly plant in Baltimore and is now doubling its size; Westinghouse has several big electronics plants. The city has numerous chemical plants and is important in other diverse lines, many of which are being steadily expanded. The Federal Government's operations include Fort Meade, Aberdeen Proving Grounds, Edgewood Army Chemical Center, the U. S. Naval Academy, the big new headquarters of Social Security and facilities for the National Security Agency.

The company's steam generating plants have a capacity of about 1.1 million kw, and the affiliated safe Harbor Water Power Company has 400,000 kw hydro plants on the Susquehanna River. Peak load last year was slightly less than the steam generating capacity. Natural gas is purchased from the Columbia Gas System on long term contracts at an average cost of about 49 cents, and is sold at an average price of $1.38.

The company's common stock ratio as of Sept. 30, 1960 was 41% or somewhat above the industry average, and it appears unlikely that no equity financing will be required before 1962 (and could then be accomplished, if desired, by forcing conversion of debentures). The company favors the use of convertibles and this method of financing has proved successful in the past.

Regarding the important question of regulation, the company seems to have been treated fairly by the State Commission although it had to appeal to the State Courts in order to sustain the rate increase of about $10 million allowed two years ago. The Commission allowed a 6¼% return on a fair value year-end rate base. The initial appeal against the decision held that the Commission should not have used a year-end rate base and while a lower court agreed, the State's highest Court upheld the Commission, indicating that it should be allowed discretion as to the means employed to meet the problems of inflation, attrition and regulatory lag. The company's gas rates include, automatic adjustments provisions to take care of changes in the cost of natural gas.

During the first half of the past decade only moderate progress was made in increasing share earnings—from 76 cents in 1949 to 95 cents in 1954. However, aided by the rate increase the gain in earnings has been larger in the second half with an estimated $1.45 or more for calendar 1960 (as compared with $1.41 in 1959). These figures were adjusted for split-ups in 1950 and 1959. The company's accounting is conservative — it does not use a credit for interest on construction, or accelerated depreciation in its income tax return.

Regarding the outlook for 1961, President Wolfe stated recently in a talk to the New York Society for Security Analysts that an increase in revenues of about 5.3% is forecast for next year compared with an estimated gain of 4.4% for 1960. Some costs will also be higher — depreciation, property taxes and wages. He stated:

"Whether we can produce adequate earnings in 1961 without adjustment of our service rates, it is too early to say. Our rate of return has slipped slightly since the price schedules for our utility services were last adjusted, in 1958; but the slippage has been a bit less than the effect of just the one factor of increased tax rates imposed by our City, County and State governments during these last two years. If these tax rates are further increased for next year we may have to seek some further rate relief."

Baltimore Gas & Electric has been selling recently around 26 (range this year about 30½-24) and pays $1 to yield about 3.8%. Based on estimated 1960 earnings the price-earnings ratio would approximate 18, or slightly above the industry average.

# J. R. Maher Sells Cryogenics Com.

On Nov. 11, 1960, John R. Maher Associates, 32 Broadway, New York City, offered and sold 175,000 shares of the common stock of Cryogenics, Inc., at $2 per share.

Cryogenics, Inc., incorporated in Florida on May 9, 1959, intends to engage in the design, development, manufacture and sale of instruments and instrumentation systems for the handling and control of Cryogenic materials. Such materials usually refer to gases which have been liquefied by cooling to the range of Cryogenic temperatures. This range is arbitrarily defined as —150 degrees F. to —460 degrees F.

The company is new in the field of business it intends to pursue and has no history of earnings and no established competitive position. It will probably be competing with several considerably larger, well established companies which are not dependent upon sale of the products which the company intends to sell for the main source of their income.

The company will receive, after payment of expenses, $267,500. It is intended to use such funds in the following order of priority: (1) Repayment of bank loan, $5,000; (2) Pay salaries, during the first year, of two officers, one additional engineer and two technicians, $55,000; (3) Provide other operating expenses during the year, $32,000; (4) Purchase property, $6,600; (5) Build and equip a research and development laboratory on the land purchased, $123,000. The balance of approximately $45,900 will be added to working capital.

# White Avionics Common Offered

Planned Investing Corp. of New York City and Fidelity Investors Service, East Meadow, L. I., New York, are offering 150,000 shares of the 10c par common stock of White Avionics Corp. at $2 per share.

The company, located at Terminal Drive, Plainview, L. I., New York, manufactures aircraft and missile instrumentation.

The proceeds will be used for general corporate purposes.

This offering was registered on Sept. 6 as a refiling of an issue originally registered with the SEC on June 6 and subsequently withdrawn.

# Savings Bank Liquidity

*Continued from page 3*

ments. In the meantime, these former trustees will constitute an advisory committee. Incidentally, it might be of interest to know who sparked this suggestion — it was several of the elderly trustees themselves.

**More Public Accommodation Branches**

Also in the Department's legislative program is a proposal to extend the privilege of obtaining public accommodation offices to banking institutions throughout the State rather than confining them only to New York City. At the last session of the New York State legislature, a law was enacted permitting commercial banks, savings banks and savings and loan associations in New York City to open public accommodation offices within 1,000 feet of any banking office they now maintained. These offices were limited in function to taking deposits, permitting withdrawals, accepting loan payments and cashing checks. We believe, however, that there is an even greater need for such facilities in a number of upstate communities, particularly where parking or drive-in facilities are not available in the vicinity of existing banking offices, and where continuing growth of the business sections in such areas has made public access more difficult and inconvenient.

Let me now turn to a matter of central importance, namely, the attracting of savings and related problems. It is, of course, common knowledge that since 1958 savings banks have been less successful in adding to deposits than was the case in previous years. However, there has been some tendency in recent months for a pickup in the flow of funds into savings banks, perhaps due to the general economic uncertainties prevailing at present.

**Problem of Bank Liquidity**

The slowdown in savings deposit inflow over the past couple of years, and even more importantly, the high level of gross withdrawals, have created problems, one of which relates to liquidity. This was particularly emphasized by events of last fall at the time of the famous issue of the 5% Treasury notes. Many will recall, more vividly perhaps than they would like, the events of those hectic days. One bank officer was quoted in the press as saying that it almost looked as if there were a run on his bank. At the present time, there appears little likelihood of any recurrence of this in the near future in view of current economic conditions and the easing of Federal Reserve's monetary policy. However, it is most important that we learn from past events and that we begin to consider remedial action **before** and not after the next crisis.

The magnitude of this problem can, I think, be appreciated by reference to the fact that an estimated $200 million in deposits were withdrawn from the savings banks of this State as a result of the Treasury note issue, and there were more than a dozen savings banks in New York City which each lost more than $5 million in deposits because of this. Fortunately, the savings banks had sufficient liquidity in the form of cash assets and short-term government securities to tide them over this large deposit outflow which was concentrated within a period of about one week. But the extent of the outflow was nevertheless substantial enough to make us all pause and carefully consider what an even more popular Treasury issue, or some other dramatic event, might do to the savings bank industry some time in the future.

Because of the implications of this problem, I think that it is necessary to go back to fundamentals in order to determine just what the basic issue is and what might be done about it. The need for liquidity arises because a savings bank must meet its obligations when due, obligations which include net deposit withdrawals and maturing mortgage commitments. In determining future liquidity needs, banks also take into account anticipated cash inflows resulting from mortgage amortization together with income and principal repayments on investment holdings, and other sources, offset against cash disbursements to meet the current expenses of operation.

This liquidity is provided by a number of different sources, which might be classified as internal and external. From the standpoint of the internal operations of a savings bank, liquid assets include cash, balances with banks and other assets which are readily convertible into cash at little or no loss.

**Why the Greater Need for Liquidity?**

Over the past decade, the need for liquidity has assumed greater significance than was true during the 1940s. Between the early stages of World War II and up until 1951, the Federal Reserve was pegging the prices of government securities. Banks at that time could properly assume that even their holdings of long-term United States Government bonds represented a fairly liquid type of asset which could be convertible into cash at little or no loss. When the Federal Reserve removed its peg in 1951, it obviously was no longer appropriate to make such an assumption. Since that time, only short-term securities, those due to mature within one year, can be regarded as subject to little or no market depreciation and hence reliable for liquidity purposes.

With this in mind, let us turn to the events of last fall which shook the savings industry perhaps more than any single occurrence since the depression of the early 30s. What is of particular consequence is that the large-scale deposit withdrawals of last fall came at a time when the economic climate was completely different from that of the 1930s. Based upon the scars that many still bear from having lived through the Great Depression, it is probably fair to say that most of the fears regarding large deposit withdrawals were associated with periods of recession or depression, when there was a loss of depositor confidence in the stability and safety of the banking system. But at such times, interest rates are usually low, meaning that even long-term government securities could probably be sold at prices at or near par, and perhaps even at a premium.

The point that I wish to make is that the greatest need for bank liquidity used to be associated with depressed economic conditions. But this sort of a liquidity crisis may very well be a thing of the past in view of the changes in the economic structure and in banking institutions since the 30s. These changes virtually preclude any repetition of those events to the same degree of magnitude. The existence of FDIC, for example, is fairly certain to reduce, if not eliminate, any danger of panic which occurs when an economic crisis shakes depositor confidence in **all** banking institutions. Indeed, periods of economic uncertainty may in fact witness substantial increases in deposit inflow into savings banks, as was the case in the 1953-'54 and 1957-'58 recessions.

In the future, therefore, the most urgent need for liquidity may **not** be in periods of recession when interest rates are low and bond prices favorable, but in periods of boom when interest rates are high or rising and bond prices are sagging. As a result, those savings banks with longer term government securities will tend to be locked in, unless they are willing to build up surplus accounts sufficiently to be able to absorb securities losses in a depressed market.

**Providing the External Source of Liquidity**

In view of these and other considerations, a great degree of interest has been expressed in providing some **external** source of liquidity to help protect the $21 billion of deposits held in the savings banks system of this State. This is particularly important since it would be unreasonable to expect the management of any individual bank to operate its affairs as if it expected a crisis to present itself any day. The management of each savings bank does, of course, have a responsibility to maintain an adequate amount of liquid assets to take care of the fluctuations in normal day-to-day requirements, plus something extra. However, there undoubtedly will be occasions in the future when it would be useful to be able to fall back upon some outside source of liquidity. It is in this area that further discussion and analysis is called for.

It is evident that savings banks are in a somewhat less favorable position with regard to external liquidity sources than are other types of financial institutions. Commercial banks may rely upon the Federal Reserve System, which acts as a lender of last resort and which, in the final analysis, has unlimited resources with which to provide temporarily funds for its member banks. The savings and loan associations have the Federal Home Loan Bank System to which they can turn. Although the Home Loan Banks do not have the unlimited resources of the Federal Reserve, their sources of funds include not only the deposits of member associations but also the very important ability to sell securities in large amounts on the open market at rather favorable rates in order to obtain additional funds to be used for lending to member associations. In addition, they have a $1 billion pipeline to the U. S. Treasury.

**Inadequacy of Commercial Banks**

While savings banks are permitted to join either of these agencies, none are presently members in this State because of the costs of membership. In the case of the Federal Reserve, the major "cost" is the maintenance of a 5% reserve requirement, while membership in the Home Loan Bank System would require capital stock subscriptions of 2% of the total unpaid principal of home mortgage loans. Savings banks have therefore relied on other sources and have frequently turned to commercial banks either through direct borrowing or mortgage warehousing. The difficulty here is that commercial banks may not always be in a position to assist adequately the savings banks system in periods of credit stringency when the commercial banks may be short of funds.

**Strengthening the Savings Banks Trust Company**

Since internal liquidity may not be adequate in all circumstances and since the traditional forms of external liquidity cannot or will not be relied upon, then some central source of liquidity is necessary for the savings bank system. However, rather than setting up some new agency for this purpose, would we not be better advised to consider the existing facility, the Savings Banks Trust Company? With such an institution already in operation, having more than $250 million in assets, this certainly provides a substantial base upon which to build. It would seem logical and economical to consider the desirability of strengthening the Trust Company and enlarging its activities in order that it may more effectively serve the needs of the savings banks system as a whole.

The first and most essential requirement for this purpose is that the Savings Banks Trust Company be provided with more funds with which to operate. This can be accomplished either by having the savings banks place more deposits with the Trust Company or by purchasing more of its capital stock. I am aware that there are some who maintain that it is not feasible to increase the funds lodged with the Trust Company because of the necessity of investing resources in high-yielding assets in order to maximize income to meet competitive dividend rates.

However, if there is a definite need for a large and effective liquidity organization for savings banks, and if the operation is to be extensive enough to meet all liquidity requirements, the savings banks system must be willing to put up the money to enable a liquidity bank to function effectively. This does not have to be accomplished at once, but might be done gradually. Perhaps a comparatively painless way of approaching this would be if you were to regard the rebate of your FDIC assessments as "found" money. I realize that, at present, it is not so regarded since it has come to be expected and since it is netted out against the next assessment due. But consider that if all savings banks had been willing to place into the Savings Banks Trust Company even this modest amount of the FDIC rebate since 1950, they would have accumulated by now an additional $75 million, which could be used as an extra liquidity reserve.

Looking to the future, more than $10 million could be added **each year** to this total, assuming deposits remain at present levels, if all savings banks were to set aside an amount equal to their FDIC rebate. Furthermore, on the basis of these accumulated monies an even larger credit line could undoubtedly be arranged by the Trust Company at commercial banking institutions. Of course when we take account of expected future deposit growth in the savings banks over the next decade it will be necessary to make available to the Trust Company even more than the annual FDIC rebate in order that there be an improvement in the ratio between the resources of the Trust Company and the deposit liabilities of the savings banks.

However, I repeat that one way or another, if this industry wants an effective source of liquidity, it must be willing to set aside enough in additional funds for this purpose. This will require the co-operation of all the banks in the system. If they are willing to do this, then such a fund can be developed over a period of years so that there will be better insulation against events which, in the future, may be even more serious than those of last fall.

**Other Considerations**

There are other matters relating to the operations of an enlarged and strengthened Savings Banks Trust Company which would have to be studied and worked out. For example, some thought might be given to the feasibility of industry-wide agreement that a minimum amount of funds, based upon some ratio to deposits, should be required of each savings bank to be held in the Trust Company. Or perhaps there might be some merit in imposing a graduated interest charge for borrowing from the Trust Company sums in excess of a bank's deposits with the Trust Company, so that only those most in need of funds and unable to obtain accommodation elsewhere would be willing to pay the rate. Some thought might even be given to the possibility of the Savings Banks Trust Company itself having the power, on a standby basis, to issue short-term secured obligations on the open market in order to enable it to acquire more funds if and when the need should arise.

But however it is handled, I am proposing that serious consideration be given to an expanded and more effective source to which savings banks can turn for liquidity purposes, and the Savings Banks Trust Company is the vehicle through which savings banks should operate for this purpose. If they fail to act, however, and liquidity difficulties even more serious than last fall take place, then the State might have to take some action to assure that savings banks more effectively meet their liquidity requirements. As is frequently the case when the government must act, the result may not be completely to the liking of the industry concerned. I am **not** suggesting that there is any immediate or impending likelihood of State action in this field. But the time to consider possible solutions to the liquidity problem is **now** rather than in the wake of some future crisis. I am certain that if adequate thought is given to this problem an appropriate solution can be forthcoming through the efforts of the industry itself.

I hope that this review of some of the matters of interest to all of us will help bring about further discussion and exchanges of viewpoints on these vital matters. There is no doubt much difference of opinion on many of these problems. However, frank discussion of the issues can help us arrive at solutions which will be workable and effective from the standpoint of the savings bank industry, while at the same time serving the best interests of the public.

*An address by Mr. Clark before the 67th Annual Convention of the New York State Savings Banks Association, White Sulphur Springs, West Va., Nov. 9, 1960.

# Witter Installs Solid State Computer

The first solid-state computer to be installed in an investment brokerage firm—the IBM 7070—has gone to work for Dean Witter & Co., which has announced that the initial operations of its IBM 7070 data processing system indicate the saving of more than 250 man hours a day in the various aspects of margin and cash account work.

The fully transistorized computer was moved into Dean Witter's New York headquarters at 2 Broadway last month.

Dean Witter now is running full volume parallel operations on some applications. All the firm's brokerage accounting functions are scheduled to be transferred to the computer from punched card procedures during the first quarter of 1961.

Margin accounting, now performed manually, also will be handled by the computer and will be processed by the 7070 in two hours. Daily brokerage functions, exclusive of margin accounting, will be processed on the 7070 in less than four hours. These operations now take two full shifts—sixteen hours — on the punched card equipment.

Another area in which back office brokerage procedures will benefit from the 7070's speed is that of computing the purchase or sales of municipal bonds. Presently, it takes one man with a calculator eight to ten minutes to compute such a transaction. The 7070 will handle the operation at more than 150 a minute.

Early next year, Dean Witter

will take delivery of two IBM 1401 intermediate data processing systems—to serve as auxiliary to the larger computer. The auxiliary system's IBM 1403 printers will further speed the preparation of monthly customer statements, the brokerage industry's biggest paperwork problem.

All transactions entered by each of the firm's 44 offices will be computed on the IBM 7070 at Dean Witter's New York office.

## Clark Cable Com. Stock Marketed

Public offering of 222,500 shares of Clark Cable Corp. common stock at a price of $4 per share was made on Nov. 16 by Robert L. Ferman & Co. Inc.

Of the total number of shares offered 127,500 shares are being sold for the company and 95,000 shares for the account of certain selling stockholders.

Net proceeds from the sale of its 127,500 shares of common stock will be used by the company for general corporate purposes.

Clark Cable Corp. and its subsidiaries are engaged in the manufacture and development of electronic, electrical and mechanical systems and components principally for use by the United States Government. Among products made by the company and its subsidiaries are specialty cable assemblies for electronic and electrical applications and replacement parts for missiles, aircraft, naval vessels, tanks, trucks, ground-to-air control devices, electronic and hydraulic missile handling systems, hydraulic power packages, and jet blast deflectors. Plants of the company are located in Cleveland and Detroit.

For the eight months ending May 31, 1960, the company and its two subsidiaries had net sales of $2,604,000. Upon completion of the current financing, outstanding capitalization of the company will consist of 496,600 shares of common stock.

## Allied Small Business Inv.

WASHINGTON, D. C. — Allied Small Business Investment Corporation of Washington, D. C., has advised more than 5,000 stockbrokers of new profit opportunities available to them as a result of recent liberalization of Small Business Administration regulations, making more and larger business concerns eligible for financing by small business investment corporations.

In a letter to stockbrokers located in the District of Columbia and 25 states east of the Mississippi River, George W. DeFranceaux, Allied President, pointed out that under SBA's liberalized regulations Allied can now provide equity capital and long-term loans to small businesses having securities traded on stock exchanges or in over-the-counter markets, whose public financing may exceed $300,000 and whose net income may be as high as a two-year average of $250,000 per year.

Where Allied makes investments in small companies referred to it by stockbrokers, the stockbrokers "will be allowed to charge a fee to the borrower commensurate with the service rendered, and we will protect your compensation for you," Mr. DeFranceaux said.

### With Westheimer Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Francis P. Smith is now affiliated with Westheimer and Company, 322-326 Walnut Street, members of the New York and Cincinnati Stock Exchanges. He was formerly with Bache & Co.

# SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

### Stimulation Leads to Production

Salesmanship is one of the most creative types of endeavor. I refer particularly to the activity which deals with the motivation of others in the acceptance of ideas. This covers the field of intangible selling, and the sale of securities in particular. Reflect upon what happens when you do business with a client and you initiate the action that results in the purchase or sale of an investment. You uncover an attractive utility stock, for example. You satisfy yourself that here is a stock in a buying range, the company is in a growing area, the dividend return is enticing and so is the price earnings ratio on a comparative basis. You begin to feel good about the stock; in other words you like it.

As soon as you begin to like a stock and believe in it, something "ticks" inside of you—you want other people to have it too. That's the salesman beginning to take birth. You then start to do something tangible. You remember some customers who like such stocks—you turn to your records—you check to find out which clients can go a bit heavier into a growth utility—it is November and possibly some of them can take a useful tax loss in another security by switching — you remember some prospects who may wish to open an account with you and this stock could open the door. Things begin to happen—instead of worrying about a down market, or an election that may have upset you—you are in business and you are producing. You have created a profit for your clients, your firm and yourself. All have benefitted because you latched on to an idea that clicked.

**Creativity Thrives on Inspiration**

The management of a productive sales organization should be aware that salesmen should be insulated as much as possible from negative motivation. There are so many facets of this one phase of the problem (and I am afraid it is too little recognized in many investment organizations) that I can only list a few taboos here:

**A sour apple or two can infect the entire barrel.** All of us have our down moments but the chronic pessimist is not good for a sales organization, particularly if he makes a career of it. Good honest griping is often constructive and among a group of salesman it is a safety valve that sometimes leads not only to communion which provides a psychological relief but improvement in some area of the operating procedure. I think a good "gripe" session with management once in a while can help everybody.

**A salesman should not be subjected to pressure from the cashier's department to which he must devote his time and thinking.** Routine, everyday work should be handled in such a manner that he does not have to take his mind off his thinking and working with customers and devote his energy to details that are not part of his sphere of activity. He is not trained for this, and, more important, it throws his thinking and creating machine off the track. Give your salesmen the green light and the cooperation to do the type of work for which he is best suited. Don't roadblock him with extraneous, even if important activity. This man is your planner, dispatcher and the fellow who will bring the train into the station for you—don't make him do the work of the brakeman and the conductor too. It takes all of you to run a railroad.

**By all means don't put your good ideas on ice and withdraw them from your sales organization.** Follow up situations and keep your men informed so they can do the same for their clients. By doing this, you will create an atmosphere of cooperation and harmony between the sales department and management, as well as the men themselves.

I believe that informal meetings between different salesmen are very helpful. If you have a large organization, get your men together on occasion and let them talk. What one fellow may be doing can be very stimulating to another. When a sales organization works together and ideas are freely offered, activity is generated. Don't play it close to your vest — every time you help a worthwhile associate in this business you are helping yourself because he will do the same for you. Real salesmen are creators—that's why they are also on the level.

## D'Amico & Co., Inc. Offers Spier Com.

Pursuant to a Nov. 3 offering circular, D'Amico & Co., Inc., 15 William Street, New York City, publicly offered 60,000 shares of Spier Electronics, Inc. 10¢ par common stock at $5 per share. Of the shares offered, 55,000 were offered for the account of the issuing company and 5,000 shares were offered for the account of the underwriter.

Spier Electronics, Inc., formerly EDI Products, Inc., was incorporated under the laws of the State of New York on Aug. 2, 1945. Its principal office is located at 1949-51 McDonald Avenue, Brooklyn, New York. It is engaged in the business of manufacturing and selling electronic animation equipment used in flashing neon signs and in the production and sale of its "Steri-Dri" electronic towel. It also manufactures industrial controls.

If all the shares offered for the account of the company are sold, net proceeds after underwriter's commissions and expenses are expected to be approximately $213,-991.25. The company plans to use such proceeds as follows:

| | |
|---|---|
| *Cost of issue | $13,250.00 |
| Manufacture of 500 "Steri-Dri" Electronic Towels | 50,000.00 |
| Manufacture of 500 hand and face "Steri-Dri" Electronic Towels | 45,000.00 |
| Manufacture of 500 Completed Flasher Units | 20,000.00 |
| Sales expenses | 25,000.00 |
| Advertising, periodicals, etc. | 15,000.00 |
| Working capital | 45,741.25 |
| Total | $213,991.25 |

*Including atttorneys' and accountants' fees of $14,500 (of which $2,250 has been paid), printing offering circular, stock certificates, taxes and other expenses of the offering, estimated at $1,000. If less than 20,000 shares are sold, the attorneys have agreed to reduce their fees to $5,500.

### Joins Chace, Whiteside

(Special to The Financial Chronicle)

BOSTON, Mass.—John C. Hanna has become affiliated with Chace, Whiteside & Winslow, Inc., 24 Federal Street, members of the New York and Boston Stock Exchanges. He was formerly with du Pont, Homsey & Company.

### Rejoins Dempsey-Tegeler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Patrick C. Scull has rejoined Dempsey-Tegeler & Co., 210 West Seventh Street. He has recently been with Mitchum, Jones & Templeton.

## AS WE SEE IT

*Continued from page 1*

had Mr. Nixon been elected—an elaborate scheme for health insurance in the form of an extension of the current social security system, unknown amounts for educational assistance to states and local governments, direct or indirect subsidies for housing construction, and programs never carefully described to aid distressed or depressed areas. Some parts of such a program or programs have, of course, been specifically advocated by the President-elect and, we must assume, will definitely be matters to which he will give early and vigorous attention.

There are other aspects of such a program, some of which would add directly to the annual cost of the Federal budget, and some of which would produce other widespread effects upon the economy. Among these latter are whatever, if anything drastic, is planned about interest rates and the Federal Reserve policy. Mr. Kennedy has been less extreme in his utterances on the subject than was the party platform and certainly less so than a good many of his supporters. He has said that he hopes to reduce Federal budget expenditures by a very substantial margin by means of lower interest charges on the national debt, but, of course, some such effect would come of itself from already effected credit and monetary policy if continued unchanged over a substantial period of time.

### Which "Mandate"?

**The question of what sort of "mandate" is to be inferred from an election as close as this one we gladly leave to others better qualified to pass judgment on such subjects. One thing that does appear as plain as a pikestaff is the fact that if any such "mandate" was given to the President-elect, as is now frequently claimed, an equally clear mandate was given to Congress to see to it that no such extreme program is permitted to reach the statute books of the nation. Certain of the measures which many Democrats and many party supporters (in some cases including the President-elect himself) are now advocating failed of passage earlier this year solely because so many members of the Democratic party in Congress opposed them. This so-called conservative wing of the party will next year be stronger than ever in Congress as a result of the elections—to say nothing of gains by Republicans. In addition, the newly elected Vice-President is known to be much closer in his ideas to the old-line Democrats (and even some of the Republicans) than to the more "liberal" elements in the party. And there is no more adroit legislative manager than Senator Johnson who has made it clear that he intends to be a very important factor in the forthcoming Administration. It is not reasonable to believe that President Kennedy will have any such control of legislative affairs as had Franklin Roosevelt during the first 100 days of his tenure—or any other 100 days for that matter.**

The new President will find that there are other and about equally potent difficulties in his path, assuming that he really is determined upon the course that is sometimes attributed to him. This perhaps is particularly true of any Roosevelt type of tinkering with banking and credit even if it falls far short of altering the price of gold. In the first place, we have now developed a very real balance of payments problem. For this there are a number of basic reasons as we have been at pains to point out on several occasions of late. There can be no doubt that one of them is artificially induced cheap money, and another grows out of, or certainly would grow out of, loose fiscal policy. The notion that cheap money arbitrarily induced and large scale deficit spending are a cure-all for economic ills, although certainly not altogether absent from the world, has gone out of style abroad. No longer have we what is tantamount to a closed economy here, and no longer can we count upon other countries running wild with their fiscal and monetary affairs to keep step with us.

### Other Hazards

Then, of course, whatever may be the immediate outlook, there can be little doubt that with the advent of any broad scale deficit financing program, particularly if made possible by forcing government securities into the Reserve or the commercial banks, would bring very real and probably very evident dangers of a further and politically dangerous rise in prices and the cost of living. With already high and steadily mounting labor costs, the point has already been reached where price increases are all but inevitable if reasonable profits are to be made, and in the absence of such profits the volume of business activity must suffer—and hence the growth to which the President-elect and his party attach so much importance. The implementation of any such program as is apparently envisaged in the Democratic party platform would under present conditions be fraught with many and great political hazards.

All this is, of course, not to say that a good deal will not be promptly attempted and probably consummated which we for our part should deplore. We are afraid that it is quite likely. All we say is that existing conditions may well place a finite limit on New Dealish nonsense.

# Fundamental Causes and Cures in Payments Problem

*Continued from page 1*

tion of his campaign promises, gold has been a corpse in the family closet of the American "liberals." Very, very few college textbooks in Economics and Money and Banking devote any space to the role which gold continues to play in international finance. The most widely used basic textbook in the country, for instance, explains "every expert knows that the popular conception 'money has more value if it is exchangeable into gold' exactly reverses the true relation. If it were not that gold has some monetary uses, its value as a metal would be much less than it is today." In discussing the classical price-specie-flow model, the author repeats the standard cliche that the gold standard is a "fair weather system," and that the world abandoned the gold standard after World War I (sic!) "to avoid inflation or deflation."[1] That the world has experienced one of the severest deflations and inflations since World War I, when, according to Prof. Samuelson, the gold standard was abandoned, is not explained. No where in the 786 pages of this basic text finds the student a discussion of the gold problem which faces the United States and the Free World; a fact which was emphasized at a recent meeting of economists in Europe, when the position of the dollar and the attitudes of Senator Kennedy's economic advisors, who include Professor Samuelson, were discussed.

Economic "liberals," moreover, try not only to disregard the role of gold in international finance, they feel quite generally that economics as a whole is beyond the grasp of the American people. With a paternalism which challenges the very basis of democracy, the American people are told by another of Senator Kennedy's advisors that economic "problems are intricate and cannot be fully understood even by the intelligent minority. . . . On these technical matters (including "the functioning of the monetary system") (the American people) will have to accept the word of experts."[2] This policy of "government by experts"—because, as Harry Hopkins once remarked, "the people are too damned dumb"—is one of the reasons for the failure of the American people to recognize the dangers into which the country is slipping, and for the inability of the government to pursue responsible monetary and price policies, which will require the abandonment of popular thought patterns to which we have become accustomed during the past 25 years.

There is no reason why the problems of international finance cannot be reduced to terms which every intelligent voter can understand. For the past 11 years, since 1950, the United States has had a deficit in her balance of payments; i.e., our total foreign payments have exceeded our receipts from abroad. To put it bluntly, for the past decade the United States has lived above her means, from an international point of view.

Our current transactions (exports, imports, tourism, debt service, royalties, etc.) are running at present at a rate which promises a surplus for the year of just below $5 billion (compared with only $2.2 billion in 1959 and $8.3 billion in 1957, when, as a result of the Suez crisis our exports expanded sharply, and we did not suffer a balance of payments deficit). However, aside from the fact that the 1960 surplus in current accounts was made possible in part at least by an increase in subsidized agricultural exports, it is inadequate to cover the deficit in capital accounts, now running at more than $8 billion. Military installations abroad and military aid require close to $3 billion; foreign economic aid (loans and grants) about $2.8 billion; and private capital exports $2.9 billion, to which must be added the outflow of short term funds which is running at a rate of at least $300 million.

The United States will thus suffer this year another large deficit of about $3 billion, compared with $3.7 billion in 1959 and $3.4 billion in 1958. As in previous years, the deficit will be paid partly in the form of gold, and partly by increasing our short term obligations to the rest of the Free World, which means that we continue to decrease our cash assets (gold being the only universally acceptable international medium of exchange), and increase our liabilities (which are payable on demand), thus reducing our international liquidity.

The United States finds herself at the moment in the position of a bank which is basically sound and holds many valuable assets (our long-term investments abroad exceed foreign investments in this country by about $28 billion), but which has permitted its liquidity to deteriorate to a point where the depositors are beginning to grow nervous, as they find themselves confronted by the unpleasant alternative of either withdrawing their deposits (and in doing so possibly causing irreparable harm to the bank), or of staying with the bank (in the hope that it will change its policies and regain its liquidity) and risking heavy losses on their deposits.

The potential danger was clearly recognized in Washington back in 1954, when the Deputy Secretary of the Treasury, Dr. Burgess, drew the attention of the Senate Subcommittee on Federal Reserve Matters to the steady growth of short term balances. The way in which Dr. Burgess' figures were presented was misleading, since they had been compiled for the specific purpose of "proving" the contention of the Eisenhower administration that it was not advisable at the time to make the dollar freely convertible into gold, as the 1952 Republican platform had promised. But there is no doubt that the figures pointed to the potential danger, and they were interpreted as such at the time. Yet the Administration and Congress, under Republican and Democratic leadership alike, let matters slide from bad to worse. Since 1954, when the Burgess report was published, American gold reserves have dropped from $22 billion to less than $18.5 billion, and short term obligations have risen from less than $12 billion to more than $19.2 billion. Yet the great mass of the American people, including many businessmen, remain unconcerned, even though the latest gold flurry has produced a series of articles in popular and business journals, most of which have avoided a discussion of the basic causes.

The soothing words from the Treasury, that the United States has no intention of devaluing the dollar, and the campaign statement by the President-elect that "we pledge ourselves to maintain the current value of the dollar," may have a reassuring effect on the American public, but they are far less effective as far as the rest of the world is concerned. After all, President Roosevelt, too, promised during the 1932 campaign not to devalue the dollar, yet did so in 1933; and the British Labor Government denied emphatically that it even considered devaluing the pound just before it reduced its value from $4.03 to $2.80 in September, 1949.

Thus far the United States can rely on the faithful co-operation of her important foreign short term creditors.[3] The Free World, which holds a substantial portion of its monetary reserves in the form of dollars, and which looks upon the dollar as the most widely used international medium of exchange, is fully aware of the monetary chaos and loss of prestige which the Free World would suffer through a devaluation of the dollar. Germany and Switzerland, e.g., have taken measures to discourage the influx of foreign short term balances. If the London gold price, however, should continue to stay 2-3% or more above the official American price, this in itself would symbolize a weakness of the dollar and would result in a further conversion of short term dollar balances into gold.

In the general concern about the position of the dollar, it is often overlooked that even today the weakness of the dollar has an adverse effect on the economies of the Free World. While Germany is fighting an inflationary boom at home, she has to lower interest rates artificially to discourage the continued influx of short term American funds. While Britain in recent months has had a deficit in her balance of payments, as far as normal short term and capital movements are concerned, this situation has been concealed by the fact that the influx of highly volatile American funds has resulted in an actual increase in the monetary reserves of the Bank of England, thus making it more difficult for the Bank to justify an increase in the discount rate.

### What Caused the Sudden Increase in the Gold Price?

For some months the Russians, who are the largest (or second largest) gold producers in the world, have sold little or no gold in London, so that the demand had to be satisfied largely out of the arrivals of newly mined South African gold. While the supply thus declined, the demand increased as a result of waves of concern regarding the future gold price policy of the United States. If Washington were to raise the price of gold to $52, or more likely to $70 (the price most frequently mentioned), speculators would stand to make a handsome profit. With the American balance of payments position (unless improved) pointing to an eventual devaluation of the dollar, an increase in the speculative buying of gold for the account of foreign as well as Ameri-

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1 Paul A. Samuelson; *Economics*, pages 275-6, 645-6.

2 Seymour E. Harris; *National Debt and the New Economics*, pages 24-25.

3 As of July 31, 1960, the chief short term creditors of the United States were: International Institutions, $3,358 million; Canada, $2,424 million; Germany, $2,220 million; United Kingdom, $1,490 million; Japan, $1,410 million; Italy, $1,050 million, and Switzerland, $928 million.

can investors can hardly be regarded as unexpected.[4]

As far as present developments are concerned the gold legislation of 1933 works clearly against the best interests of the United States. The future of the dollar is determined at the moment by international confidence. Anything that arouses distrust, such as the increase in the gold price in London, weakens the position of the dollar; and gold could never have gone to $41 an ounce had private investors been able to acquire gold at $35.0875 in New York, in other words, if the dollar had been freely convertible.

The Treasury could have prevented, of course, the sudden rise by offering gold in London, and it was probably a mistake, resulting from a complete failure to understand the mentality of the international speculators, that the Treasury did not act promptly. The amounts required would have been less than $50 million, less than half the amount the Treasury lost in a single week. In the long run, however, the most effective step, which the new administration could take to prevent further gold price fluctuations, would be to make the dollar freely convertible. It would remedy the asocial situation that a few wealthy investors can hedge against a dollar devaluation, but the great mass of the American people cannot; it would be a move to strengthen world confidence; and it would be helpful, as we have seen, from a market point of view. Here is the first opportunity for the new President to show whether he has the courage to undo a bad piece of New Deal legislation.

**Basic Remedies**

In the long run, however, world confidence can be maintained only by overcoming the chronic balance of payments deficit, and it is here where the new administration will have to achieve drastic changes.

At a time when the cold war is getting hotter, it would be highly inexpedient to spend less money on military installations abroad. Senator Kennedy hopes to reduce our burden by placing more of it on foreign shoulders, especially of our allies in Western Europe. While Adenauer in Germany and Macmillan in Britain may be willing to assume a greater burden, both have to consider the opposition parties. The fact that the American troops and their dependents enjoy a very much higher standard of living than the vast majority of the people of the countries in which they are stationed makes it very difficult for the NATO governments to assume a greater share of the cost of maintaining these troops. Washington probably would have to take the politically unpopular step of preventing dependents from going overseas at public expense, in order to convince the people of the Free World that in assuming a greater share of the defense cost they actually strengthen their military position, rather than merely support the high standard of living of American civilians.

**Foreign Aid**

Senator Kennedy also hopes to have foreign nations, especially Germany, assume a greater share of the cost of foreign aid to the lesser developed countries. At the September meeting of the International Bank for Reconstruction and Development, Professor Erhard, speaking for Germany, seemed to agree that Germany should increase her capital exports. Nevertheless, it is highly unlikely at this point, that America's large foreign short term creditors will increase their foreign aid to any appreciable extent in the way suggested by the State Department.

4 The situation clearly shows the unfortunate results of the Gold Reserve Act of 1934. While large American operators can pledge their American securities as a basis for loans from American banks, and then remit the proceeds of the loans to Switzerland, where they can acquire gold, either in their own name or that of a Swiss holding company, the little fellow, who lacks sufficient means to acquire gold in the London wholesale market, has no way of protecting himself against another dollar devaluation by acquiring gold. The 1934 New Deal legislation thus operates clearly in favor of the few at the expense of the many.

While business is booming in Germany, Italy and Japan, and to a lesser degree in other western European countries, it will not be easy to induce investors to risk their capital in the underdeveloped countries, where the yield is by no means always satisfactory. Why should a German investor, who can get 6-8% at home, go to South America to make 6-8%? Investments in the lesser developed countries appeal only so long as they offer a far more substantial return than is available at home.

The lack of enthusiasm of private investors is, of course, one of the reasons for the American foreign aid policy. But this policy strikes many Europeans as neither sound nor effective; and the results of the past 10 years would seem to indicate that the Europeans are at least partially correct. The Marshall Plan, under which the United States channeled some $12 billion to the war-impoverished European nations, restored the European economy, but —and this the Europeans feel America does not fully appreciate —the success of the Marshall Plan was due not only to American dollars but above all to the fact that all of the European countries (even Franco Spain, which began to receive American aid six years after the rest of Europe) were able to match American dollars with a more or less developed economic substructure: a literate population, skilled workers and a background of many decades of industrial development. All these prerequisites are lacking in most of the underdeveloped countries.

Possibly even more serious is the absence of the type of economic rationality which western Europe and the Anglo-Saxon countries acquired slowly over the centuries. Mexico, for instance, one of the strongest and most developed of the Latin American nations, continues to appeal for loans from the International Bank and the United States Government. Yet, while Mexico needs at present some $80 million to finance the hydro-electric development of the Balsas Basin—and there is no doubt that the country can use the additional 600,000 kw.—the Mexican Government is spending $125 million (including $60 million in foreign exchange) to acquire the foreign-owned power companies which have been providing power in Mexico at government-approved rates for years. While the consumption of steel in the Free World would have to rise by 50% over the present level to absorb the steel-making capacity expected by 1965, precious capital continues to flow into new steel mills which may flatter the national ego but lack economic justification at this time.

As the Point Four Program recognizes, underdeveloped nations require not only foreign capital but above all, managerial and entrepreneurial skills and intergovernmental loans and grants merely provide money, not skills and managerial know-how. Billions of dollars of foreign aid, which contribute to the American balance of payments deficit, are thus not used in the best possible way. The Europeans are aware, of course, that the underdeveloped nations prefer the less efficient intergovernmental loans and grants to the, as a whole more efficient private investments, and they offer no plan to reconcile economic rationality and economic nationalism on the part of the underdeveloped countries, yet they are clearly dubious about the American approach.

In addition to the $3 billion for military installations abroad, the United States will thus have to figure, for the time being at least, on having to spend an additional $3 billion on foreign aid. Latin America alone is likely to require a good deal more aid in the years to come.[5] The chances that the new administration will be able to reduce its foreign aid burden sufficiently to eliminate the balance of payments deficit, by inducing other countries to take over a larger share[6] is highly problematical.

**Private Capital Exports**

This leaves only private capital exports to be reduced sharply. Senator Kennedy made no suggestion in this respect, but he promised to encourage foreign investments in the United States by having foreign governments remove restrictions on capital exports. Foreign investments would come to the United States to escape possible nationalization and heavy taxation, or to seek refuge against the possibility of Europe being overrun by the Russians, or to increase sales in the American market. How strong any of these motives will prove depends upon political and economic developments here and abroad, and not so much on the foreign government restrictions, which the new administration wishes to remove.

The United States could restrict private American capital exports, but as history of the past 30 years has shown, such restrictions would have to be rigid in order to be effective, and various forms of capital exports are in the long run necessary to maintain the American economy.

The United States imports almost 30% of the ore used by American steel mills; 85% of the bauxite needed to make aluminum. All or substantially all of the tin, chrome, nickel, cobalt, tungsten, beryllium and natural rubber used by American industry comes from abroad. Without these imports supersonic aircrafts, guided missiles, tanks, guns and atomic submarines would be impossible, and in order to assure a steady flow of these and other essential raw materials, billions of American capital are invested abroad. To prevent capital exports of this nature would gradually strangle our economy.

Equally justified from a free enterprise and capitalistic point of view (although perhaps not from a nationalistic-socialistic viewpoint) is the investment of American capital in foreign plants producing goods in direct competition with American plants, which find it increasingly difficult to compete in world markets. Since 1957 no fewer than 400 American companies have set up operations in Europe, and total investments of American companies in Europe jumped from $1.5 to $4.5 billion during the 1950s alone.[7] If further investments of this type were prevented by government intervention, American industry would be seriously hampered in competing in world markets.

In addition to these two types of "legitimate" capital exports, there is "flight capital" leaving the country in fear of another dollar devaluation, and in search of lower taxes. But even if this form of capital exports could be eliminated completely it would not suffice to close the deficit in the balance of payments.

5 If foreign aid payments by the United States were reduced, exports would decline likewise, so that the savings, as far as the balance of payments is concerned would be much smaller than the actual reduction in foreign aid.

6 It is often assumed that the U. S. A. carries virtually the entire burden of aid to underdeveloped countries. This is not the case. Total loans and grants (including war reparations to underdeveloped countries by Germany and Japan) totaled $18.9 billion between 1954 and 1959. Of these 63% came from the U. S., and the rest from other countries. ("Economic World" Aug.-Sept. 1960.)

7 A. W. Barth: "U. S. Plants Are on the Rise in Western Europe," *Iron Age*, July 28, 1960.

Short term capital movements, which are widely blamed for the recent heavy gold losses, need not represent flight capital, but are largely due to the wide gap in interest rates between this country and Europe. Treasury bills are selling at present on a yield basis of less than 2½% in New York, compared with about 5% in England. Which corporate official will not hold his excess funds in London rather than in New York under these circumstances? For political reasons, and considering the present liquidity of the money and capital markets in this country, the differential between American and European interest rates is not likely to diminish in the months to come unless the recession in England should deepen. Short term funds, just as long term investments are likely to continue to flow abroad for the time being.

**The Future of the Federal Reserve**

Senator Kennedy has suggested that through a change in the open market operations of the Federal Reserve the flow of short term funds could be slowed down, which raises the problem of the position of the Federal Reserve under the new administration. In his New York speech of Oct. 12, in which he expounded his fiscal and monetary views, Senator Kennedy assured his audience that he did not "advocate any changes in the Constitution of the Federal Reserve System." But he added that he believed that "the Federal Reserve Board would co-operate with future strong and well considered Presidential leadership which expresses the responsible will of Congress and the people." The sentence may mean little or a great deal. Senator Kennedy, as Democratic Presidents before him, may regard his election as a "mandate of the people" to put into effect the promises of the Democratic platform:

"That our economy can and must grow at an average of 5% annually" that the "support of full employment (is) a paramount objective of national policy";

That "the right to a job requires action to create new industry in America's depressed areas of unemployment";

That positive action will be taken "to raise the farm income to full parity levels";

That there will be "action to aid small business in obtaining credit and equity capital at reasonable rates"; and that "a healthy, expanding economy will enable us to build two million homes a year. . . ."

"To create more jobs, to build more homes, to save family farms, to clean up polluted streams and rivers, to help depressed areas, and to provide full employment . . ." may require a considerable increase in government spending. While the Democratic platform admits the possibility of higher taxes, it also argues that "a 5% growth rate . . . will mean that at the end of four years the Federal Government will have had a total of nearly $50 billion in additional tax revenues above those presently received."

The question is, what will the new administration do if Federal revenues are not sufficient to meet the cost of all the new and expanded government services promised in the platform, which the new President may interpret as being in accordance with "the responsible will of Congress and the people?" The temptation will be great to return to the pre-Accord policy of the Truman administration of relying on Federal Reserve credit to support the price of government bonds in face of a heavy demand for funds by the government.

The "Bills only" policy (confining Federal Reserve purchases to Bills rather than long term securities) has been a bitter political bone of contention. In limiting its purchases to Bills, the Federal Reserve confines itself to operations in the Money Market. The Federal Reserve purchases of Bills eases the credit position of the banking system and thus permit the commercial banks to expand loans and investments. If, on the other hand, the Federal Reserve were to purchase long term government bonds, the open market operations would have a direct effect on long term interest rates and would thus affect more directly the market for mortgages, government and corporate bonds.

The "Bills only" policy is admittedly the more indirect and slower method of aiding the economy. On the other hand, the purchase of bonds by the Federal Reserve may deteriorate very easily into a direct support of the government bond market as it existed before the 1951 Accord.

Some months ago, 21 Senators under the leadership of Senator Douglas called for the abandonment of the "Bills only" policy, but Senator Douglas is reported to have resisted strongly the pressure from the Patman (easy money) wing of the party to advocate a return to the pre-Accord policy.

In view of the Democratic victory, Mr. Martin, the Chairman of the Board of Governors of the Federal Reserve System, is likely to offer his resignation. Although a Democrat, Mr. Martin has never been popular with the "easy money" faction of Congress, and throughout the campaign, Senator Kennedy has made it a point of attacking high interest rates. The Federal Reserve System is thus likely to be under considerable pressure during the next four years to accede to "the reponsible will of Congress and the people" for more and easier credit, and upon the shoulders of the Chairman of the Board of Governors will rest a tragically grave responsibility to protect the dollar and thus the position of the United States in the world. To avoid this type of political pressure, a number of European countries, including Germany, Austria and Switzerland, have made provisions since the end of the war to assure, either by law or through constitutional provisions, a maximum of independence of the Central Bank. To strengthen the dollar at home and abroad the new administration could do no better than to safeguard the independence of the Federal Reserve System through laws patterned after those adopted in Europe since the war.[8]

**Increased Exports**

The answer to the American balance of payments dilemma must ultimately be found in the current accounts. We could prevent American tourists from spending some $500 million abroad, but this would be a particularly obvious admission of our weakness, the type of admission we wish to prevent in order not to frighten foreign creditors into withdrawing their dollar balances. The only real solution lies in a substantial expansion of exports and a reduction of certain types of imports; and this in turn requires a drastic change in our price and wage policies.

For the immediately foreseeable future exports are not likely to rise and imports are not likely to decline. Steel, automobiles, electrical appliances and machinery, machine tools, optical products and office machinery are all facing increasing foreign competition at home and abroad. To hide behind a tariff wall in order to protect the high domestic price level

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8 For technical and/or political (?) reasons, the Federal Reserve System abandoned the "Bills only" policy shortly before the election, although it was not clear whether this was a change in policy or merely a temporary measure. By concentrating on Bills, the System had helped to drive down short term rates, which encouraged the transfer of funds from New York to London, and thus increased the outflow of gold.

# Fundamental Causes and Cures in Payments Problem

*Continued from page 31*

would be politically unwise and economically dangerous. The only true solution lies in a gradual lowering of American prices, and in this respect the United States faces a serious psychological block. Since the severe depression of the 1930s was accompanied by a sharp decline in prices, the American public associates declining prices instinctively with a depression, and most of the popular textbooks have developed a theoretical rationale to "prove" the popular notion. Yet during the decades of extremely rapid economic expansion after the Civil War prices declined, and they also declined during the prosperous 1920s. In fact, the overwhelming strength of American industry is largely the result of "Fordism," the policy of cutting prices as production costs declined due to technological improvements. History may once look upon the abandonment of "Fordism" by American industry as one of the dangerous turning points in American history.

A good case can be made for the argument that the steady rise in the price of industrial products during the 1950s, especially in the United States, is one of the basic causes not only of America's balance of payments difficulties but also of the economic disequilibrium throughout the world, and the political and social unrest in the underdeveloped countries. Since the rise in the cost of industrial products coincided with a decline in raw material prices, the purchase power of the raw material producing countries, and thus indirectly their standard of living declined, giving rise to the growing political and social unrest which we face today.

The tremendous technological advances of the past 15 years should have made possible a substantial (20-30%) decrease in the cost of finished products, if the American economy had followed the same price policies which made American industry the leader in the past. Instead, a depression psychosis, a confusion of misapplied Keynesian ideas, and unrestrained union power have combined to produce a new wage and price philosophy which is equally unsound from an economic and ethical point of view.

The dangerous economic results are clearly shown in the deterioration of the balance of payments. The ethical defects should be equally obvious. Technological advances are to a large extent the product of the social environment. Pure scientists have more to do with the increase in industrial production than the semi-skilled worker who tends the almost automatic machines. Yet under the wage and price philosophy of the postwar years, the gains derived from technological advances accrued chiefly to labor, which neither directly nor indirectly was responsible for the increased productivity. In fact, wages have risen almost twice as fast, on the average, as productivity. Capital, too, has benefited from the new machinery. The American steel industry, for instance, is showing a profit while operating at 50-55% of capacity, compared with a break-even point in the European steel industry of closer to 75-80%.

The consumer alone has not benefited from the technological advances. Instead of enjoying lower prices, he has experienced, month after month, a steady slow rise in the cost of living. Now it so happens that the consumer and the wage earner are in most instances one and the same person. Thus, by demanding a wage increase (helping to raise the cost of living) the wage earner hurts himself as a consumer. Naturally, there is no such neat balance, and everyone hopes to beat the game by getting more in wages and not paying quite as much in higher prices. Some are gaining at the expense of others. In the meantime, however, the American economy is losing much of its competitive strength, the international liquidity of the United States has become impaired, and the dollar is endangered.

Unless we can stop the chronic, slow inflationary spiral, and return instead to the philosophy of "Fordism" of using technological advances to reduce prices in order to benefit the people as a whole, the position of the dollar will drift from bad to worse. Yet neither of the two Presidential candidates addressed himself to this basic problem which faces the country, and it is at this point where the new President, who squeezed into the White House with the help of the labor unions, will have to show whether he will go down in history as a dynamic politician or a great statesman.

# No. Natural Gas Debs. Offered

Blyth & Co., Inc., and associates offered publicly on Nov. 16 an issue of $20,000,000 Northern Natural Gas Co. 4⅞% sinking fund debentures, due Nov. 1, 1980, at 100.317% to yield 4.85%.

The debentures are not refundable prior to Nov. 1, 1965 at a lower interest cost to the company than 4.85%. Otherwise, they are redeemable at the option of the company at regular redemption prices ranging from 105.32% for those redeemed in the first year, declining to par in the last year. The sinking fund is calculated to retire 85% of the debentures prior to maturity.

Net proceeds from the sale of the new debentures will be applied toward the cost of the 1960 construction program, the repayment of bank loans, and the purchase of securities to be issued by subsidiary companies for their costs of construction and for the acquisition of property. Construction expenditures by the company and its subsidiaries in 1960 are estimated at $61,000,000.

Northern Natural Gas Co., directly and through subsidiaries, owns and operates a pipeline system of approximately 13,000 miles of main, lateral, distribution and gathering lines through which it transmits natural gas purchased principally from the Texas Panhandle, Hugoton and Hansford, Texas area gas fields and the Permian Basin to points in Kansas, Nebraska, South Dakota, Iowa, Illinois, Minnesota and Wisconsin where it is distributed locally to domestic, industrial and commercial customers for their use, or sold at town borders for consumption and resale by 39 non-affiliated gas utilities. Of the 444 cities and towns served on Dec. 31, 1959, 119 were served by distribution systems operated by the company, and the balance by non-affiliated gas utilities. These 444 cities and towns have a population of approximately 3,080,000.

## With Foster & Marshall

(Special to The Financial Chronicle)

PORTLAND, Ore.—John A. Hitchman is now connected with Foster & Marshall, Southwest Sixth Avenue at Oak Street.

## Form Capital Counsellors

Capital Counsellors, Inc. is engaging in a securities business from offices at 50 Broad Street, New York City. J. Irving Weiss is a principal of the firm.

# Rotron Common Stock Offered

W. E. Hutton & Co. offered on Nov. 16 130,000 shares of Rotron Manufacturing Co., Inc. common stock at a price of $17 per share. The offering marks the first public sale of the company's common stock.

Of the 130,000 shares offered, 65,000 shares are being sold for the company and 65,000 shares for the account of certain selling stockholders.

Net proceeds from the sale of its 65,000 shares will be used by the company for various corporate purposes, including the production of new cooling devices, for expansion of production and sales of vortex velocity flowmeters, and to replace certain government-owned equipment; for inventory needed for expanded operations, and to repay outstanding short-term bank loans.

The company is a major producer of electro-mechanical air and gas moving devices which are components of military and industrial electronic equipment. These devices are used principally for forced air cooling of components used in such electronic equipment as aircraft and missile guidance systems; computers; automation controls; radio, television and radar equipment. A wholly-owned subsidiary, Rotron Controls Corp., has recently begun production and sale of its patented vortex velocity flowmeters, which measure and record the flow of liquids, air and other gases. Headquarters of Rotron Manufacturing Co. are in Woodstock, N. Y.

For the fiscal year ended June 30, 1960, the company and its subsidiaries had consolidated net sales of $6,473,629 and net income of $318,494. Upon completion of the current financing, outstanding capitalization of the company will consist of $350,000 of long-term debt and 386,000 shares of common stock.

# Nat'l Stock Exch.

Ground has been "broken" for the new National Stock Exchange and rebuilding of the first floor of the Exchange's home into a stock trading floor will be completed by the first of the year. The new stock mart received its Securities & Exchange Commission franchise last summer and will start trading early next year.

Next steps in the progress toward opening the National Stock Exchange will be the release of names of member firms and listed companies, according to Board Chairman Lawrence H. Taylor. The floor when completed will have the most modern trading posts, booths for brokers, a ticker system and all the latest electronic and mechanical systems for rapid and low cost handling of customers orders.

The National Stock Exchange is located at 6 Harrison Street, New York 13, N. Y.

## Lennihan Now With Hannaford & Talbot

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Charles J. Lennihan, III has become associated with Hannaford & Talbot, 519 California Street, members of the Pacific Coast Stock Exchange. Mr. Lennihan was formerly with Wilson, Johnson & Higgins and prior thereto was an officer of Scott, Bancroft & Co.

## Two With Eastman Dillon

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert H. Bothner and Mottell D. Peek have joined the staff of Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard. Both were formerly with Dean Witter & Co.

# STATE OF TRADE AND INDUSTRY

*Continued from page 5*

at an average of 70.3% of its 1960 steelmaking capacity, yet produced nearly as much steel as was made at over 100% of the then-existing capacity in 10 months of 1951. The latter output was 87.5 million tons.

The following are camparisons based on American Iron and Steel Institute's index of steelmaking, based on average production of the three years 1947-1949 as 100:

Ten months of 1960—124.7 vs. 106.3 in 10 months of last year.

October, 1960—96.5 vs. 93.1 in preceding month.

### Electric Output 6.3% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 12 was estimated at 14,116,000,000 kwh., according to the Edison Electric Institute. Output was 129,000,000 kwh. above that of the previous week's total of 13,982,000,000 kwh. and showed a gain of 841,000,000 kwh., or 6.3% above that of the comparable 1959 week.

### "Mixed" Pattern Prevails in Automobile Industry

A "mixed" pattern of inventory adjustment and accumulation that finds some vehicle makers scheduling short work weeks and others overtime is marking November production, *Ward's Automotive Reports* said.

*Ward's* said that eight assembly plants scheduled overtime operations in the week ended Nov. 12 and another eight were closed from one to five days. It predicted that a major Detroit-area auto plant would be closed entire Thanksgiving Day week to adjust production with dealer inventories.

The statistical service said the U. S. motor vehicle production held steady last week, a 13.1% rise in truck assembly offsetting a 1.9% decline in passenger car production.

Car assembly was estimated at 142,791 compared with 145,537 in the earlier week, with truck output geared upward to 20,811 from 17,867.

GM Corp. took 49.5% of the week's car assembly, Ford Motor Co. 27.5%, Chrysler Corp, 13.1%, AM Corp. 8.4% and S-P Corp. 1.5%. Some 33.8% of car volume were compact models.

Ford Motor Co. scheduled six of its plants for work last Saturday, Nov. 12. Chevrolet programmed its Corvair plant at Willow Run (Mich.) for Saturday as did American Motors Corp. at Kenosha (Wis.)

At the same time, the following downtime was noted: Chevrolet at Framingham (Mass.) on Friday due to Veteran's Day; Studebaker-Packard Corp. at South Bend (Ind.) Tuesday allegedly due to Election Day; Imperial at Dearborn (Mich.) Friday and Plymouth - Valiant - Dodge - Lancer at St. Louis (Mo.) Monday-Tuesday due to output adjustments.

*Ward's* said the week's rise in truck volume stemmed from increased new model activity at Ford. In Detroit, Divco truck making remained idle for the fourth straight week and at Springfield (Ohio) International Harvester on Wednesday started a two-week shutdown for plant equipment changeover.

The industry's mixed production trend is hitting Atlanta (Ga.) hard, *Ward's* said. The Buick-Oldsmobile - Pontiac plant there was idled last week by labor trouble and may be down this week. The Atlanta Ford plant on Nov. 11 started a month-long shut-down to integrate Falcon with Ford production.

The reporting service predicted upwards of 550,000 car completions in the U. S. for November and said that by early December the industry will have cemented 1960's ranking as the third best production year in history.

By Dec. 31 the second-best annual total of 6,675,000 cars built in 1950 will have been closely challenged.

### Carloadings for Nov. 5th Week Show 6.8% Increase Over Corresponding 1959 Week

Loading of revenue freight for the week ended Nov. 5, 1960, totaled 599,493 cars, the Association of American Railroads announced. This was an increase of 38,270 cars or 6.8% above the corresponding week in 1959, which was affected by the nationwide strike in the steel industry, but a decrease of 58,949 cars or 9.0% below the corresponding week in 1958.

Loading in the week of Nov. 5, was 21,219 cars or 3.4% below the preceding week.

There were 11,586 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Oct. 29, 1960 (which were included in that week's over-all total). This was an increase of 2,603 cars or 29.0% above the corresponding week of 1959 and 4,696 cars or 68.2% above the 1958 week.

Cumulative piggyback loadings for the first 43 weeks of 1960 totaled 461,942 for an increase of 117,170 cars or 34.0% above the corresponding period of 1959, and 236,964 cars or 105.3% above the corresponding period in 1958. There were 55 class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 40 in the corresponding week of 1958.

### Intercity Truck Tonnage Was 1.3% More for Nov. 5th Week Than in Same 1959 Period

Intercity truck tonnage in the week ended Nov. 5 was 1.3% more than that of the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was fractionally ahead of the volume for the previous week of this year—up 0.9%.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

### Lumber Shipments 0.3% Below Production

Lumber shipments of 452 mills reporting to the *National Lumber Trade Barometer* were 0.3% below production during the week ended Nov. 5, 1960. In the same week, new orders of these mills were 3.7% below production. Unfilled orders of reporting mills amounted to 25% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 14 days' production at the current rate, and gross stocks were equivalent to 53 days' production.

For the year-to-date, shipments of reporting identical mills were 2.7% below production; new orders were 5.4% below production.

Compared with the previous week ended Oct. 29, 1960, production of reporting mills was 3.8% below; shipments were 0.4% above; new orders were 0.4% below. Compared with the corresponding week in 1959, production of reporting mills was 16.0% below; shipments were 10.2% below and new orders were 11.9% below.

### Business Failures Off in Election Week

Commercial and industrial failures declined to 298 in the week ended Nov. 10 from 317 in the preceding week, reported Dun & Bradstreet, Inc. Despite this down-

turn, however, casualties were higher than the 285 occurring a year ago or the 274 in 1958. Some 11% more businesses succumbed than in the comparable week of pre-war 1939 when the toll was 269.

All of the week's decline occurred among failures involving liabilities of $5,000 or more, which fell to 263 from 285 in the previous week although they remained above the 247 of this size last year. Small casualties, those with losses under $5,000, edged to 35 from 32. Twenty-one of the failing concerns had liabilities in excess of $100,000—a marked drop from 38 in the preceding week.

### Wholesale Food Price Index Highest in Over 17 Months

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rose for the third consecutive time on Nov. 8, and was not only the highest level so far this year but the highest in over 17 months. On Nov. 8 it stood at $6.07, the highest since the $6.08 of July 1, 1959. The previous 1960 high was $6.04. set on Sept. 27. The current level was up 0.7% from the week earlier $6.03, and 2.7% above the year ago $5.91.

Higher in wholesale cost this week were flour, wheat, rye, oats, hams, bellies, lard, butter, cheese, cottonseed oil, eggs, potatoes, steers and hogs. Lower were corn, cocoa, raisins and lambs.

The Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

### Wholesale Commodity Price Index Dips Further to Another 1960 Low

Reflecting lower prices on steers, lambs, rubber and steel scrap, the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., dipped to 262.99 (1930-32=100) on Friday, Nov. 4, the lowest level so far this year, and the lowest since the 262.81 of May 26, 1950. On Monday, Nov. 7, the index edged up to 263.12, but was below the week earlier 263.98 and the 279.11 of the corresponding date a year ago.

With a pick up in harvesting and higher offerings, corn prices slipped somewhat this week as purchases were sluggish. In contrast, there was a moderate increase in oats prices, although trading was limited by light offerings.

Wheat prices advanced somewhat, reflecting good domestic and export buying on light offerings. Rye prices held close to a week earlier and volume was unchanged; rye supplies were down somewhat in some markets. With harvesting passed its peak and receipts down appreciably, soybean prices moved up; there was increased interest from crushers and exporters.

A marked rise occurred in the domestic buying of flour and prices matched those of a week earlier; exports of flour remained heavy. Both domestic and export volume in rice was good and prices held steady; negotiations were pending for sizable shipments of rice to be sold to Pakistan and Indonesia.

Sugar buying strengthened during the week and prices were steady. A moderate decrease occurred in coffee prices and trading was dull. There was a moderate decrease in cocoa prices despite little change in trading.

Steer prices declined during the week as trading was held down by limited supplies in most markets, cattle receipts in Chicago were fractionally below those of a week earlier. There was a slight increase in hog trading and prices finished somewhat on the upside. Lamb prices fell moderately from the prior week as trading lagged on somewhat lower receipts.

Reports of unfavorable weather in some growing areas helped prices on the New York Cotton Exchange move up this week. United States exports of lint cotton in the week ended last Tuesday were estimated at 67,000 bales, compared with 89,000 a week earlier and 91,000 in the comparable period last year. For the current season through November 1 exports were estimated at 724,000 bales, compared with 726,000 during the same period last year.

### Consumer Buying Slips Below Last Year

Although Election Day fell in the week ended Nov. 9, and not in the similar period last year, over-all retail trade was down somewhat from a year ago. While promotions in some areas helped volume in apparel, new passenger cars and food products match or slightly exceed a year ago, sales of furniture, major appliances, floor coverings and linens registered declines.

The total dollar volume of retail trade in the week ended Nov. 9 was from 3% below to 1% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: West North Central +1 to +5; East South Central and West South Central 0 to +4; Mountain —2 to +2; New England, East North Central and South Atlantic —3 to +1; Pacific Coast —4 to 0; Middle Atlantic —5 to —1.

### Nationwide Department Store Sales Down 4% From 1959 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Nov. 5, 1960, show a decrease of 4% over the like period last year. In the preceding week for Oct. 29 an increase of 3% was reported. For the four weeks ended Nov. 5 no change was reported. The Jan. 1 to Nov. 5 period showed a 1% increase.

According to the Federal Reserve System department store sales in New York City for the week ended Nov. 5 showed a decrease of 6% over the same period last year. In the preceding week ended Oct. 29, sales were 5% above the same period last year. For the four weeks ending Nov. 5 no change was reported over the 1959 period, and from Jan. 1 to Nov. 5 there was a gain of 5% above the level achieved in the 1959 period.

## Phila. Inv. Assn. To Hold Meetings

PHILADELPHIA, Pa.—Hunter S. Marston, Jr., Vice-President and Director of Euro Fund, and a partner of Glore, Forgan & Co., will be guest speaker at a luncheon meeting of the Investment Association of Philadelphia, to be held Friday, Nov. 18, at The Engineers Club, 1317 Spruce St.

Robert G. Rowe, Jr., of Paine, Webber, Jackson & Curtis, is in charge of arrangements.

The association also announced that it will hold its annual Christmas party on Thursday, Dec. 8, at the Mask & Wig Club, 310 S. Quince St., Philadelphia. Dinner will be served at 7 p. m.

William P. Brown of Bache & Co. and Henry E. Crouter of DeHaven & Townsend, Crouter & Bodine, are in charge of the entertainment committee.

### Eastern Seaboard Co.

Kielman A. Schuddekopf is conducting a securities business from offices at 330 Fifth Ave., New York City, under the firm name of Eastern Seaboard Co.

# BANK AND INSURANCE STOCKS

*BY LEO I. BURRINGTON*

## This Week — Bank Stocks

*HIGHER DIVIDEND SEASON UNDERWAY*

Toward the end of the year generally is the season for bank directors to weigh the question of liberalization of dividend policy. After consideration of the expected record high earnings results of 1960 and the outlook for 1961 of probable sustained earnings many banks are making higher dividend declarations. Among the numerous banks in the nation one finds a variety of dividend payout policies. Such declarations may come as extras, stock dividends, increased cash rates or any combination of the three. Rare indeed, are cuts in bank dividend rates made. While the general populace may be wide of the mark in tagging bankers conservative souls, a strong case can be made for conservatism in reference to dividend policy.

Although many banks may continue to hesitate in raising their regular dividends, as they did in 1959, they may again readily turn to stock dividend declarations. The issuance of stock dividends covers one of the salient characteristics of bank stocks. Stock dividends, in effect, strengthen the earning power base of banks for serving growth areas. The growing and shifting population trends frequently dictate stock dividends as the wiser course. However, even the faster growing banks have the ability to declare frequent though smaller sized cash dividend increases. Recent steps by the faster growing California banks serve as examples. Cash dividend increases already have been declared by Bank of America and Crocker-Anglo National Bank.

When stockholders receive stock dividends they enjoy the choice of holding the additional shares received or of selling them in case their individual needs demand cash. Recent stock dividends have been made by Wells Fargo American Trust Co.—10%; Security First National Bank, Los Angeles—10%; First National Bank of Chicago—20%; and First National City Bank of New York—2%. Due to the high level earnings outlook, even those banks which are paying stock dividends may possibly follow them up by increased per share cash payouts. The continuing merger movement among banks frequently is accompanied by higher cash dividends. Thus over a period of time bank stock investments generally turn out to be good income producers.

Institutional holders of bank stocks, such as mutual savings banks and insurance companies, have a long record for recognizing many bank stocks as attractive stable investments. High quality, together with attractive yields and good marketability, have made bank stocks attractive holdings for reliable returns. Even for the individual investor, who desires to follow a sound investment program in stocks, many bank stocks qualify as appropriate income holdings for portfolio balancing purposes, as alternatives to holding fixed income bonds.

**Leading Bank Stocks for Income**

| | Approx. Bid Price Range 1960-1959 | Recent Mean Price | Dividend | Yield % | Shares Outstanding (000) |
|---|---|---|---|---|---|
| **Philadelphia Banks:** | | | | | |
| Fidelity-Phila. Trust Co. | 57 - 44 | 52 | *$2.50 | 4.81 | 959 |
| Philadelphia National Bank | 45 - 40 | 44 | *2.10 | 4.77 | 2,648 |
| Girard Tr. Corn Exch. Bk. | 58 - 51 | 57 | *2.65 | 4.65 | 1,692 |
| Provid. Tradesmens B & T | 60 - 53 | 57 | *2.60 | 4.56 | 1,093 |
| First Penn. Banking & T Co. | 51 - 44 | 51 | 2.30 | 4.51 | 2,370 |
| **New England Banks:** | | | | | |
| Conn. B & T Co., Hartford | 47 - 38 | 45 | 2.00 | 4.44 | 1,009 |
| Industrial NB, Providence | 51 - 40 | 45 | *2.00 | 4.44 | 1,200 |
| Natl. Shawmut Bk., Boston | 55 - 47 | 54 | 2.40 | 4.44 | 800 |
| State St. B & T, Boston | 66 - 52 | 68 | *3.00 | 4.41 | 750 |
| Hartford Natl. Bank, Conn. | 41 - 33 | 42 | *1.80 | 4.29 | 1,190 |
| Merchants National, Boston | 47 - 39 | 47 | 2.00 | 4.26 | 630 |
| Baystate Corp., Boston | 33 - 25 | 33 | 1.40 | 4.24 | 725 |
| First Natl. Bank, Boston | 78 - 64 | 71 | *3.00 | 4.23 | 3,500 |
| **New Jersey & N. Y. Banks:** | | | | | |
| New Jersey B & T, Paterson | 33 - 29 | 31 | 1.60 | 5.16 | 555 |
| Natl. Newark & Essex Bank | 63 - 58 | 64 | 3.00 | 4.69 | 400 |
| Fidelity Union Tr. Co., N. J. | 76 - 66 | 68 | 3.00 | 4.41 | 575 |
| Marine Midland Corp. | 30 - 22 | 23 | 1.00 | 4.35 | 10,177 |
| Mfrs. & Traders, Buffalo | 31 - 26 | 28 | 1.20 | 4.29 | 2,382 |
| U. S. Trust Co., N. Y. C. | 101 - 80 | 94 | 4.00 | 4.26 | 500 |
| **Baltimore Banks:** | | | | | |
| First Natl. Bank, Baltimore | 65 - 57 | 61 | 2.75 | 4.51 | 545 |
| Baltimore National Bank | 52 - 41 | 54 | *2.40 | 4.44 | 729 |
| Union Trust Co. of Md. | 56 - 45 | 47 | 2.00 | 4.26 | 500 |
| **St. Louis Banks:** | | | | | |
| Boatmen's National Bank | 72 - 58 | 67 | *3.00 | 4.48 | 338 |
| First Natl. Bank, St. Louis | 74 - 61 | 70 | 3.00 | 4.29 | 847 |
| Mercantile Trust Co. | 44 - 37 | 43 | *1.80 | 4.19 | 1,815 |
| **Other:** | | | | | |
| Amer. Fletcher, Indianapolis | 47 - 39 | 44 | 2.00 | 4.55 | 906 |
| First Natl. Bank, Cincinnati | 59 - 43 | 55 | *2.40 | 4.36 | 1,000 |
| Detroit Bank & Trust Co. | 55 - 42 | 46 | 2.00 | 4.35 | 1,838 |
| Pittsburgh National Bank | 39 - 29 | 35 | *1.52 | 4.34 | 3,026 |
| Central National, Cleveland | 50 - 39 | 47 | 2.00 | 4.26 | 1,085 |

*Cash dividend payments higher than in 1959.

Although many banks are located in less promising deposit growth areas, their stocks sell at levels where the yield obtained is the primary attraction to owners. Relative to many industrial and public utility stocks, the dividend payouts are amply covered by earnings obtained. The larger New England banks, Philadelphia, Baltimore, and St. Louis banks characteristically have provided above average yields. Entire states and many cities automatically are eliminated due to comparatively small banks whose stocks frequently do not enjoy sufficient marketability. Thus such states as Alaska, Arkansas, Iowa, Kansas, Maine, Mississippi, Montana, New Hampshire, New Mexico, North Dakota, South Dakota, Vermont, West Virginia, and Wyoming are not considered.

The table presented covers most of the eligible banks which currently provide yield attraction primarily. The list has been intentionally limited to cover the larger banks of the nation where national marketability is enjoyed. Although many banks not listed already have or are expected to make increased cash dividend declarations or stock dividend payouts, the stocks listed satisfy the investment objective of immediate income, in preference to growth potential, on a current yield basis.

Devoid of the obsolescence hazard and strongly recession resistant, many reliable investments with these defensive characteristics are present in bank stocks which produce attractive income.

## Central Maine Common Offered

Public offering of 120,000 shares of Central Maine Power Co. common stock ($10 par value) at a price of $26 per share is being made today (Nov. 17) by an underwriting group jointly managed by Harriman Ripley & Co., Inc.; The First Boston Corp. and Coffin & Burr Inc.

Net proceeds from the sale of the common stock, together with proceeds from the private sale of 50,000 shares of new preferred stock and the subsequent sale of $6,000,000 of series X first and general mortgage bonds, will be used by the company to reduce bank loans. The balance of the proceeds will be applied toward the cost of construction and for other corporate purposes.

Central Maine Power Co., Augusta, Me., is an electric utility operating wholly within the state of Maine. The company serves about 258,000 customers in southern and central Maine, an area with a population of about 645,000, approximately two-thirds of the total population of the state.

For the 12 months ended July 31, 1960, the company had electric revenues of $42,746,810 and net income of $7,591,964, equal, after preferred dividends, to $1.99 per common share. Upon completion of the sale of the common shares, the new preferred stock and the series X bonds, outstanding capitalization of the company will consist of $111,756,000 of first and general mortgage bonds; 5,713 shares of 6% preferred stock; 220,000 shares of 3.50% preferred stock; 30,000 shares of 4.60% preferred stock; 50,000 shares of 4.75% preferred; 12,346 shares of 4.6% preferred; 50,000 shares of 5.25% new preferred, and 3,309,307 shares of common stock.

## Banks for Coops.. To Offer Debens.

The Banks for Cooperatives are arranging to offer publicly on Nov. 18 a new issue of approximately $135,000,000 of 6 months collateral trust debentures to be dated Dec. 1, 1960 and maturing June 1, 1961. Proceeds from the financing will be used to refund $120,000,000 of 4.45% debentures due Dec. 1, 1960 and for lending operations. The offering will be made through John T. Knox, Fiscal Agent for the Banks, and a nationwide group of securities dealers.

### Phila. Inv. Women Hear

PHILADELPHIA, Pa. — Monthly dinner meeting of the Investment Women's Club of Philadelphia will be held on Monday, Nov. 21, at the Barclay Hotel.

### T. W. Lewis & Co. Opens in N. Y. C.

T. W. Lewis & Co., Inc., has opened offices at 61 Broadway, New York City, to act as underwriters, distributors and dealers in securities. Officers are Thomas W. Lewis, President, and G. G. Hynson, Jr., Vice-President.

# Indications of Current Business Activity

**The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

| | | Latest Week | Previous Week | Month Ago | Year Ago |
|---|---|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | | | |
| Indicated Steel operations (per cent capacity) | Nov. 19 | §51.4 | *51.5 | 55.4 | 78.9 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | Nov. 19 | §1,464,000 | *1,468,000 | 1,579,000 | 2,233,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | Nov. 4 | 6,940,060 | 6,821,410 | 6,802,560 | 6,898,975 |
| Crude runs to stills—daily average (bbls.) | Nov. 4 | ¶7,830,000 | 7,934,000 | 7,880,000 | 7,681,000 |
| Gasoline output (bbls.) | Nov. 4 | 27,785,000 | 27,968,000 | 27,733,000 | 27,575,000 |
| Kerosene output (bbls.) | Nov. 4 | 2,988,000 | 2,535,000 | 2,268,000 | 2,267,000 |
| Distillate fuel oil output (bbls.) | Nov. 4 | 12,362,000 | 12,956,000 | 11,858,000 | 12,083,000 |
| Residual fuel oil output (bbls.) | Nov. 4 | 5,897,000 | 5,717,000 | 5,930,000 | 6,086,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | Nov. 4 | 184,350,000 | 186,815,000 | 188,642,000 | 175,800,000 |
| Kerosene (bbls.) at | Nov. 4 | 36,745,000 | 36,626,000 | 35,121,000 | 32,764,000 |
| Distillate fuel oil (bbls.) at | Nov. 4 | 180,453,000 | 178,924,000 | 171,437,000 | 181,624,000 |
| Residual fuel oil (bbls.) at | Nov. 4 | 49,079,000 | 49,917,000 | 50,766,000 | 57,799,00[illegible] |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | Nov. 5 | 599,493 | 620,712 | 646,016 | 561,223 |
| Revenue freight received from connections (no. of cars) | Nov. 5 | 512,046 | 517,410 | 535,480 | 509,528 |
| **CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | Nov. 10 | $314,400,000 | $373,400,000 | $444,500,000 | $444,300,000 |
| Private construction | Nov. 10 | 130,300,000 | 165,200,000 | 252,300,000 | 265,700,000 |
| Public construction | Nov. 10 | 184,100,000 | 208,200,000 | 192,200,000 | 178,600,000 |
| State and municipal | Nov. 10 | 143,000,000 | 167,600,000 | 171,500,000 | 148,900,000 |
| Federal | Nov. 10 | 41,100,000 | 40,600,000 | 20,700,000 | 29,700,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | Nov. 5 | 7,915,000 | 7,990,000 | 8,120,000 | 7,824,000 |
| Pennsylvania anthracite (tons) | Nov. 5 | 387,000 | 385,000 | 377,000 | 447,000 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100** | Nov. 5 | 149 | 149 | 155 | 155 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | Nov. 12 | 14,111,000 | 13,982,000 | 13,736,000 | 13,270,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | Nov. 10 | 298 | 317 | 326 | 285 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | Nov. 8 | 6.196c | 6.196c | 6.196c | 6.196c |
| Pig iron (per gross ton) | Nov. 8 | $66.32 | $66.32 | $66.41 | $66.41 |
| Scrap steel (per gross ton) | Nov. 8 | $28.33 | $28.17 | $29.83 | $46.17 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | Nov. 9 | 29.600c | 29.600c | 32.425c | 34.525c |
| Export refinery at | Nov. 9 | 27.575c | 26.825c | 27.450c | 31.525c |
| Lead (New York) at | Nov. 9 | 12.000c | 12.000c | 12.000c | 13.000c |
| Lead (St. Louis) at | Nov. 9 | 11.800c | 11.800c | 11.800c | 12.800c |
| ‡Zinc (delivered) at | Nov. 9 | 13.500c | 13.500c | 13.500c | 13.000c |
| Zinc (East St. Louis) at | Nov. 9 | 13.000c | 13.000c | 13.000c | 12.500c |
| Aluminum (primary pig, 99.5%) at | Nov. 9 | 26.000c | 26.000c | 26.000c | 24.700c |
| Straits tin (New York) at | Nov. 9 | 103.250c | 103.250c | 103.500c | 101.250c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Nov. 15 | 87.19 | 87.38 | 87.48 | 83.25 |
| Average corporate | Nov. 15 | 87.05 | 87.05 | 86.91 | 84.17 |
| Aaa | Nov. 15 | 91.77 | 91.77 | 91.48 | 87.99 |
| Aa | Nov. 15 | 89.37 | 89.23 | 89.51 | 86.11 |
| A | Nov. 15 | 86.38 | 86.24 | 86.24 | 84.0[illegible] |
| Baa | Nov. 15 | 81.42 | 81.29 | 80.81 | 78.78 |
| Railroad Group | Nov. 15 | 84.43 | 84.17 | 84.04 | 82.40 |
| Public Utilities Group | Nov. 15 | 87.99 | 88.13 | 87.86 | 83.79 |
| Industrials Group | Nov. 15 | 88.81 | 88.95 | 88.81 | 86.11 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Nov. 15 | 3.85 | 3.83 | 3.81 | 4.19 |
| Average corporate | Nov. 15 | 4.63 | 4.63 | 4.64 | 4.85 |
| Aaa | Nov. 15 | 4.29 | 4.29 | 4.31 | 4.56 |
| Aa | Nov. 15 | 4.46 | 4.47 | 4.45 | 4.70 |
| A | Nov. 15 | 4.68 | 4.69 | 4.69 | 4.86 |
| Baa | Nov. 15 | 5.07 | 5.08 | 5.12 | 5.29 |
| Railroad Group | Nov. 15 | 4.83 | 4.85 | 4.86 | 4.99 |
| Public Utilities Group | Nov. 15 | 4.56 | 4.55 | 4.57 | 4.88 |
| Industrials Group | Nov. 15 | 4.50 | 4.49 | 4.50 | 4.70 |
| **MOODY'S COMMODITY INDEX** | Nov. 15 | 356.2 | 353.5 | 361.1 | 388. |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | Nov. 5 | 355,583 | 299,841 | 340,449 | 361,161 |
| Production (tons) | Nov. 5 | 308,733 | 318,032 | 314,365 | 319,477 |
| Percentage of activity | Nov. 5 | 88 | 91 | 92 | 94 |
| Unfilled orders (tons) at end of period | Nov. 5 | 469,198 | 418,183 | 456,370 | 523,320 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100** | Nov. 11 | 108.71 | 109.77 | 109.65 | 111.71 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | Oct. 21 | 1,657,490 | 1,606,250 | 2,230,210 | 2,209,290 |
| Short Sales | Oct. 21 | 332,150 | 299,310 | 344,700 | 316,670 |
| Other sales | Oct. 21 | 1,469,940 | 1,273,940 | 1,911,050 | 1,834,050 |
| Total sales | Oct. 21 | 1,802,090 | 1,573,250 | 2,255,750 | 2,150,720 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | Oct. 21 | 248,910 | 199,300 | 328,020 | 496,030 |
| Short Sales | Oct. 21 | 41,300 | 24,300 | 49,730 | 73,820 |
| Other sales | Oct. 21 | 288,730 | 168,400 | 281,670 | 458,880 |
| Total sales | Oct. 21 | 330,030 | 192,700 | 331,400 | 532,700 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | Oct. 21 | 720,318 | 477,612 | 621,975 | 800,540 |
| Short Sales | Oct. 21 | 77,530 | 79,020 | 96,020 | 111,710 |
| Other sales | Oct. 21 | 633,900 | 394,455 | 576,244 | 754,27[illegible] |
| Total sales | Oct. 21 | 711,430 | 473,475 | 672,264 | 865,98[illegible] |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | Oct. 21 | 2,626,718 | 2,283,162 | 3,180,205 | 3,505,860 |
| Short Sales | Oct. 21 | 450,980 | 402,630 | 490,450 | 502,200 |
| Other sales | Oct. 21 | 2,392,570 | 1,836,795 | 2,768,964 | 3,047,20[illegible] |
| Total sales | Oct. 21 | 2,843,550 | 2,239,425 | 3,259,414 | 3,549,403 |
| **STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION** | | | | | |
| Odd-lot sales by dealers (customers' purchases)—† | | | | | |
| Number of shares | Oct. 21 | 1,369,877 | 1,263,670 | 1,673,674 | 1,565,776 |
| Dollar value | Oct. 21 | $63,503,520 | $62,833,952 | $79,942,968 | $79,971,089 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—Customers' total sales | Oct. 21 | 1,272,203 | 1,094,297 | 1,459,256 | 1,295,247 |
| Customers' short sales | Oct. 21 | 23,024 | 23,109 | 21,418 | 11,965 |
| Customers' other sales | Oct. 21 | 1,249,179 | 1,071,188 | 1,437,838 | 1,283,282 |
| Dollar value | Oct. 21 | $60,371,920 | $54,749,975 | $69,937,804 | $63,675,160 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | Oct. 21 | 388,950 | 295,800 | 417,490 | 329,660 |
| Short Sales | Oct. 21 | | | | |
| Other sales | Oct. 21 | 388,950 | 295,800 | 417,490 | 329,660 |
| Round-lot purchases by dealers—Number of shares | Oct. 21 | 461,250 | 483,990 | 615,850 | 606,320 |
| **TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):** | | | | | |
| Total round-lot sales— | | | | | |
| Short Sales | Oct. 21 | 590,710 | 574,790 | 747,280 | 661,920 |
| Other sales | Oct. 21 | 12,719,340 | 10,823,940 | 14,709,450 | 13,772,620 |
| Total sales | Oct. 21 | 13,410,050 | 11,398,730 | 15,456,730 | 14,434,540 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | Nov. 8 | 119.4 | *119.4 | 119.2 | 119.2 |
| Farm products | Nov. 8 | 88.6 | *88.6 | 89.0 | 86.4 |
| Processed foods | Nov. 8 | 109.0 | *108.8 | 108.3 | 105.7 |
| Meats | Nov. 8 | 96.0 | *95.9 | 96.5 | 92.7 |
| All commodities other than farm and foods | Nov. 8 | 127.9 | *127.9 | 127.7 | 128.7 |

*Revised figure. ¶Includes 1,093,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

| | Latest Month | Previous Month | Year Ago |
|---|---|---|---|
| **AMERICAN PETROLEUM INSTITUTE—Month of August:** | | | |
| Total domestic production (barrels of 42 gallons each) | 243,766,000 | 240,529,000 | 236,272,000 |
| Domestic crude oil output (barrels) | 215,145,000 | 212,645,000 | 209,733,000 |
| Natural gasoline output (barrels) | 28,605,000 | 27,866,000 | 26,524,000 |
| Benzol output (barrels) | 16,000 | 18,000 | 15,000 |
| Crude oil imports (barrels) | 32,768,000 | 31,191,000 | 29,943,000 |
| Refined product imports (barrels) | 19,493,000 | 19,551,000 | 16,150,000 |
| Indicated consumption domestic and export (barrels) | 287,484,000 | 277,052,000 | 269,004,000 |
| Increase all stocks (barrels) | 8,543,000 | 14,219,000 | 13,361,000 |
| **AMERICAN TRUCKING ASSOCIATION, INC.—Month of August:** | | | |
| Intercity general freight transport by 387 carriers (in tons) | 7,002,221 | 6,695,602 | 6,066,332 |
| **AMERICAN ZINC INSTITUTE, INC.—Month of October:** | | | |
| Slab zinc smelter output all grades (tons of 2,000 pounds) | 63,005 | 60,004 | 63,938 |
| Shipments (tons of 2,000 pounds) | 65,183 | 68,182 | 65,723 |
| Stocks at end of period (tons) | 190,288 | 192,466 | 191,251 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of October (000s omitted).** | | | |
| Total U. S. construction | $1,796,000 | $2,232,000 | $1,494,000 |
| Private construction | 1,098,000 | 1,159,000 | 794,000 |
| Public construction | 698,000 | 1,073,000 | 699,000 |
| Sate and municipal | 601,000 | 890,000 | 526,000 |
| Federal | 97,000 | 184,000 | 173,000 |
| **COKE (BUREAU OF MINES)—Month of Sept.** | | | |
| Production (net tons) | 3,651,661 | *3,996,922 | 1,775,200 |
| Oven coke (net tons) | 3,591,515 | *3,923,408 | 1,738,900 |
| Behive coke (net tons) | 60,146 | 73,514 | 36,300 |
| Oven coke stock at end of month (net tons) | 4,452,020 | *4,271,350 | 4,488,302 |
| **DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average=100—Month of October:** | | | |
| Adjusted for seasonal variation | 150 | *144 | 147 |
| Without seasonal adjustment | 153 | *145 | 150 |
| **METAL PRICES (E. & M. J. QUOTATIONS)—October:** | | | |
| Copper— | | | |
| Domestic refinery (per pound) | 30.598c | 32.600c | 32.576c |
| Export refinery (per pound) | 27.111c | 28.611c | 29.150c |
| ††London, prompt (per long ton) | £222.232 | £234.705 | £241.920 |
| ††Three months, London (per long ton) | £224.071 | £235.261 | £236.875 |
| Lead— | | | |
| Common, New York (per pound) | 12.000c | 12.000c | 13.000c |
| Common, East St. Louis (per pound) | 11.800c | 11.800c | 12.800c |
| ††London, prompt (per long ton) | £67.250 | £69.946 | £70.619 |
| ††Three months, London (per long ton) | £68.679 | £70.244 | £71.608 |
| Zinc— | | | |
| East St. Louis (per pound) | 13.000c | 13.000c | 12.129c |
| §§Prime Western, delivered (per pound) | 13.500c | 13.500c | 12.629c |
| ††London, prompt (per long ton) | £87.911 | £87.139 | £91.366 |
| ††London, three months (per long ton) | £86.622 | £86.446 | £88.457 |
| Silver and Sterling Exchange— | | | |
| Silver, New York (per ounce) | 91.375c | 91.375c | 91.375c |
| Silver, London (per ounce) | 79.488d | 79.250d | 79.955d |
| Sterling Exchange (check) | $2.81159 | $2.81271 | $2.80627 |
| Tin, New York Straits | 103.319c | 102.274c | 102.274c |
| Gold (per ounce U. S. price) | $35.000 | $35.000 | $35.000 |
| Quicksilver (per flask of 76 pounds) | $209.000 | $209.000 | $223.333 |
| Antimony— | | | |
| ¶New York, boxed (per pound) | 32.590c | 32.590c | 32.590c |
| Laredo, bulk (per pound) | 29.000c | 29.000c | 29.000c |
| Laredo, boxed (per pound) | 29.500c | 29.500c | 29.500c |
| Platinum, refined (per pound) | $82.000 | $82.000 | $77.000 |
| Cadmium (per pound, delivered ton lots) | $1.50000 | $1.40000 | $1.30000 |
| (Per pound, small lots) | $1.60000 | $1.51429 | $1.40000 |
| Cobalt, 97% grade (per pound) | $1.50000 | $1.50000 | $1.75000 |
| Aluminum— | | | |
| 99% grade ingot weighted avge. (per lb.) | 26.000c | 26.000c | 26.800c |
| 99% grade primary pig | 23.250c | 23.250c | 24.700c |
| **Nickel | 74.000c | 74.000c | 74.000c |
| Bismuth (per pound) | $2.25 | $2.25 | $2.25 |

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

| | Latest Month | Previous Month | Year Ago |
|---|---|---|---|
| **MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of October:** | | | |
| Industrials (125) | 3.66 | 3.64 | 3.14 |
| Railroads (25) | 6.02 | 6.18 | 4.95 |
| Utilities (not incl. Amer. Tel. & Tel.) (214) | 3.83 | 3.83 | 4.01 |
| Banks (15) | 4.02 | 4.02 | 3.70 |
| Insurance (10) | 3.07 | 3.08 | 3.03 |
| Average (200) | 3.74 | 3.73 | 3.36 |
| **NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of October** | £77,397,000 | £41,911,000 | £34,508,000 |
| **PORTLAND CEMENT (BUREAU OF MINES)—Month of September:** | | | |
| Production (barrels) | 31,130,000 | 33,270,000 | 32,590,000 |
| Shipments from mills (barrels) | 33,601,000 | 36,387,000 | 35,098,000 |
| Stocks at end of month (barrels) | 30,509,000 | 33,258,000 | 25,308,000 |
| Capacity used (per cent) | 89 | 92 | 97 |
| **RAILROADS EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of September:** | | | |
| Total operating revenues | $754,378,722 | $808,971,482 | $769,104,417 |
| Total operating expenses | 608,292,386 | 646,897,617 | 615,148,300 |
| Taxes | 79,598,308 | 84,784,280 | 81,833,423 |
| Net railway operating before charges | 34,515,376 | 44,386,805 | 45,674,202 |
| Net income after charges (estimated) | 25,000,000 | 30,000,000 | 29,000,000 |
| **REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of August (000s omitted).** | | | |
| Savings and loan associations | $1,200,639 | $1,048,132 | $1,203,179 |
| Insurance companies | 122,672 | 115,870 | 137,391 |
| Banks and trust companies | 405,878 | 377,956 | 505,337 |
| Mutual savings banks | 158,168 | 145,301 | 167,151 |
| Individuals | 358,626 | 350,498 | 336,431 |
| Miscellaneous lending institutions | 537,558 | 490,581 | 521,536 |
| Total | $2,783,532 | $2,528,338 | $2,871,075 |
| **U. S. GOVT. STATUTORY DEBT LIMITATION—As of Oct. 31 (000's omitted):** | | | |
| Total face amount that may be outstanding at any time | $293,000,000 | $293,000,000 | $295,000,000 |
| Outstanding— | | | |
| Total gross public debt | 290,486,732 | 288,423,332 | 291,253,050 |
| Guaranteed obligations not owned by the Treasury | 159,075 | 161,031 | 118,471 |
| Total gross public debt & guaranteed obligations | $290,645,808 | $288,584,364 | $291,371,521 |
| Deduct—Other outstanding public debt obligations not subject to debt limitation | 402,301 | 403,843 | 413,363 |
| Grand total outstanding | $290,243,507 | $288,180,520 | $290,958,158 |
| Balance face amount of obligations issuable under above authority | 2,756,492 | 4,819,479 | 4,041,841 |

# Fundamental Considerations About Estate Planning

*Continued from page 14*

equivalent, or payable by both the estate and the beneficiaries. That income tax includes net capital gain upon either those assets sold above death value, or those assets turned over to the beneficiaries by the executors in satisfaction of a legacy payable in a fixed sum of money. If the legatee is to receive a fractional part of the residuary estate, then there is no capital gain. By appropriate will provisions capital gains on transfers of assets by the Executors to such beneficiaries can be deferred until the beneficiaries ultimately sell or dispose of them or die, in which event increased value is reflected in the estate tax of the beneficiary. In addition, some income tax saving to the beneficiaries may be effected by giving them legacies of a certain type.

**Objections to Tax Savings Effected By the Marital Deduction**

To obtain the marital deduction, the assets must pass at death outright to the surviving spouse; or that spouse must have the right to receive all the income for life from the marital gift held in trust for the spouse, together with the unlimited power to dispose of the principal. Such disposal may be by will or deed. Many people object to giving such power and control to the surviving spouse, because the assets can be disposed of away from children of the family to a later spouse or to anyone else; or where there are no children, they could be disposed of entirely to the family of the second spouse to die to the exclusion of the family of the first spouse who owned and acquired the assets.

Thus, the large estate tax saving accomplished by qualifying for the marital deduction must be weighed against the possibility of the wishes of the decedent being thwarted as to the ultimate disposition of the fund when the surviving person dies.

**Some Other Matters That Enter Into Estate Planning**

The following are just a few of the important subjects that should be dealt with in estate planning:

(1) What are the needs for support and maintenance of members of the family?

(2) Do any of them require the protection of trusts, with the assets being managed by trustees?

(3) Is it desirable and practicable to reduce the taxable estate by making gifts of all of the rights which the insured has in his life insurance policies to members of his family; and also by making gifts of other assets, as, for example, stock in a close corporation, accounts receivable, and marketable securities, etc.? If a man successfully divests himself of ownership of a $10,000 life insurance policy payable to his wife on death, he having an adjusted gross estate of $200,000, the estate tax saving in his estate in respect to such insurance should be at least $1,500. If the wife died before the husband, the cash value of the policy would be an asset of her estate.

Gifts have many aspects. Often a gift made within three years of death is ignored as a gift by the taxing officials, and the property which is the subject of the gift is included in the donor's estate when he later dies, because of the claim of the government that the gift was motivated by a reason associated with death rather than with continued living.

(4) Who are best qualified to serve as executors of the will and trustees of the trusts created?

There are a number of important qualifications to be considered. Is the person sufficiently young so as to be expected to survive beyond the time when his duties as fiduciary will cease? Are the persons considered dependable to make safe investments? Will they act impartially as between the several beneficiaries when application has been made for distribution from the principal of the trust to a beneficiary claimed to be in need, where such authority is given in the will?

(5) Both spouses should have wills to meet the different situations that may arise when each one dies.

(6) Gifts of life insurance policies by the insured in his lifetime having a cash value of over $3,000, just as any other gifts, are reportable in a Federal gift tax return. Moreover, if the insured having given away ownership of his life insurance policies, continues to pay premiums thereon, he must report in a gift tax return all premiums paid for the benefit of the new owner of the insurance to the extent that they exceed $3,000 per annum as to each donee.

These gift tax reports must be filed, although very often there is no gift tax to pay.

(7) **Protection of Minor Children.** Minor children who are named as beneficiaries of life insurance or trusts created by will may be forced to receive property at age 21, instead of 25 or 30 when they might handle it more carefully because of lack of suitable provision. Furthermore until they become 21, a guardian must be appointed by the court, and he must file a bond and make annual reports to the court. He must make a separate application for each withdrawal. Proper trusts can be provided for to avoid these situations.

(8) **Provision for meeting death expenses:** Ways and means to meet estate taxes, last illness and other debts, funeral expenses, attorney fees, executors' commissions and other administration expenses must be given careful consideration if the estate is likely to lack sufficient cash, marketable securities or life insurance earmarked for that purpose. Otherwise, the estate executor may be forced to dispose of non-liquid assets, such as slow moving real estate, or an interest in a business, at a sacrifice price in order to realize cash. There are tax angles in connection with tapping the surplus of a family owned corporation for such purposes that need consideration.

**Conclusion**

It will be seen that proper estate planning has two main objectives:

(1) There is the necessity of making a sensible will to meet the needs of the family. While the widow is usually the paramount consideration and her adequate maintenance ought to come first and foremost, still some protection of the children against the diversion of the estate to non-family members through action of the widow should at least be considered carefully.

(2) Taxes which are bound to be heavy should be kept at a minimum. In carrying out the desire to minimize taxes, fairness to the family and protection of its members should not be overlooked.

# Prosperity: Sin or Salvation

*Continued from page 15*

the contention that we have been going soft by pampering our desires at the expense of our duties. During our period of greatest economic growth, the American people have made extraordinary efforts at great sacrifice to fulfill the demands that history has made on a vigorous free nation.

We have given billions in foreign aid. We have fought in Korea. We have paid the highest taxes in our peacetime history and undertaken peacetime conscription to keep a standing army in Europe and maintain bases throughout the world. In short, we have done everything that our national leadership has asked us to do. As James Reston of the New York *Times* put it, "these are not the acts of a slack and decadent people."

And where did we get the billions of dollars to commit to these heavy responsibilities? We got these vast sums from an economy that was consuming its way to prosperity.

On the domestic front no less than in underwriting our responsibilities abroad, the public sector of our economy has reaped the benefit of our private prosperity. Last year the American people spent $22 billion on education, nearly three times as much as only 10 years before. Some 700,000 classrooms have been built since World War II—more than half of all those now in use. In the last 20 years, social security benefits have climbed from $1.2 billion to $16 billion. Over the same period, our expenditures on hospitals have multiplied more than seven times; we have tripled our outlay on public welfare and assistance, quadrupled what we spend on highways, police and fire departments.

This record does not suggest that we have ignored our public needs while indulging private whims. At the same time I do not suggest we have fulfilled all the opportunities in this broad area; certainly there will be heavy and growing costs in the years ahead in such fields as education, health and old age, as well as defense and a constructive, forward-moving foreign policy.

**The Better Way to Pay Taxes**

What I do strongly maintain is that we can best pay these heavy and growing costs—indeed, in the long haul, we can only pay them—through the growing government revenue from an increasingly affluent society. The hairshirt economists would have us undertake restrictive measures to "divert" spending from the private to the public sector. They do not recognize that to do so would be to impair the health of the goose that lays the golden eggs.

Fortunately, we Americans need not choose between satisfying our personal desires and fulfilling our public obligations. We are spared such a choice by a rare, perhaps unique combination of blessings: our vast natural resources, our unsurpassed technological skill and an expanding economy based upon the democratic free enterprise system. Thus we can accomplish both goals. We can enjoy all the things that make work easier and leisure more fun—and at the same time we can meet the demands for national defense and foreign aid, for education, roads, social security and the whole roster of public needs.

I think the American people will reject the notion that prosperity is a sin. They will have little patience with a cult that preaches economic asceticism. Most Americans will recognize it would tighten not merely a belt but a noose.

We will not succumb to efforts to make us feel guilty about being prosperous. For one thing, we Americans are just not that prosperous, by comparison with what we know we can achieve. For another, under our system, personal prosperity is far from a sin; it is rather a means of public economic salvation. Americans can readily understand that a new refrigerator helps indirectly to pay for a Polaris submarine; a second car in the garage can make possible a second chance for a victim of illness or unemployment; a higher gross national product can underwrite higher education.

These are some of the implications that we in broadcasting and the gas industry—and millions of our fellow Americans—might bear in mind as we rise to the challenge and opportunity of the Sixties. We have entered a decade in which our lives and our liberty may well be at stake, but in the light of our common interest in a consumer-oriented society, it is worth remembering there is some precedent for associating life and liberty with the pursuit of happiness.

*An address by Mr. Sarnoff before the 42nd Annual Convention, American Gas Association, Atlantic City, N. J.

# Deere Credit Debs. Offered

Harriman Ripley & Co., Inc., and associates are offering today (Nov. 17) $50,000,000 John Deere Credit Co., 4⅞ debentures series A due 1985 at 99% and accrued interest.

Net proceeds to be received from the sale of the debentures will be added to the company's general funds and will be available for the purchase of retail installment paper. Such proceeds may be applied initially to the reduction of short-term borrowings.

Optional redemption of the debentures may be made on and after Oct. 15, 1968, at prices starting at 102% and declining to par. A sinking fund commencing in 1970, is calculated to retire 51% of the debentures prior to maturity. The debentures may be redeemed through the sinking fund on and after Oct. 15, 1970, at par, plus accrued interest.

The business of the John Deere Credit Co. is the purchase of retail installment paper from the 14 United States sales branches operated by wholly owned subsidiaries of Deere & Co. Substantially all of this paper arises from retail sales in the United States by John Deere products and used equipment accepted in trade for them. John Deere products are manufactured by Deere, and consist of farm equipment and small and medium sized industrial and construction equipment.

Net income of the company for the nine months ended July 31, 1960, was $840,121, compared with $338,212 for the year ended Oct. 31, 1959, the company's first full year of operations.

## With Robinson-Humphrey

(Special to The Financial Chronicle)

ATLANTA, Ga.—Luther N. Conrad, Jr. and John A. Lagomarsino have been added to the staff of The Robinson-Humphrey Company, Inc., Rhoades Haverty Building.

## With J. N. Russell & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio—J. N. Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges, have added to their staff Thomas C. English, Guy L. Ewing, Jr., John W. Geisler, Peter M. Hourmouzis, Edward D. Olsen, Henry C. Sedor and Earl C. Wayland. All were formerly with Commonwealth Securities Corp.

# Dealer Broker Literature

*Continued from page 8*

**Electronic Accounting Card Corp.** — Analysis — Mackall & Coe, Woodward Building, Washington 5, D. C.

**Ferro Corporation** — Report — Halle & Stieglitz, 52 Wall St., New York 5, N. Y.

**General Tire & Rubber Co.** — Report — Schweickart & Co., 29 Broadway, New York 6, N. Y.

**General Tire & Rubber**—Review—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a review of **Charles Pfizer & Co.**

**Heli-Coil Company** — Analysis — Cooley & Co., 100 Pearl Street, Hartford 4, Conn.

**Interstate Department Stores** — Review—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y. Also available is a report on **American Broadcasting - Paramount Theatres, Inc.**

**Lehn & Fink** — Memorandum — Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. Also available is a memorandum on **Shawinigan Water & Power.**

**Lockheed**—Memorandum—Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

**Martin**—Data—Blair & Co., Inc., 20 Broad St., New York 5, N. Y. Also in the same circular are data on **Garrett** and **General Dynamics.**

**Microdot** — Bulletin — Freehling, Meyerhoff & Co., 120 South La Salle St., Chicago 3, Ill.

**Microwave Associates**—Discussion in current "Gutman Letter" — Stearns & Co., 72 Wall St., New York 5, N. Y. —($37.50 per year.) Also in the same issue are data on **Vitramon,** and **Grolier.**

**Motorola Inc.**—Analysis — Alfred L. Vanden Broeck & Co., 55 Liberty St., New York 5, N. Y. Also available are reviews of **Friden Inc., Van Camp Sea Food Co.** and **C-E-I-R Inc.**

**Mountain States Telephone** — Report—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

**National Phoenix Inc.**—Analysis—Frank Investors Corp., 40 Exchange Place, New York 5, N. Y.

**New England Lime Company** — Analysis—Bancroft Securities Co., 74 Franklin St., Worcester 8, Mass.

**Northrup Corp.** — Bulletin — Hill, Darlington & Grimm, 2 Broadway, New York 4, N. Y.

**Plough**—Memorandum—Carreau & Co., 115 Broadway, New York 6, N. Y.

**Pubco Petroleum Corporation** — Report—Coburn & Middlebrook Incorporated, 75 Federal St., Boston 10, Mass.

**Quaker Oats** — Memorandum — E. F. Hutton & Co., 7616 Girard Ave., La Jolla, Calif.

**Republic Aviation**—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

**Southern Union Gas Company**—Report—Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif. Also available is a report on **Time, Incorporated.**

**Thompson Ramo Wooldridge, Inc.** — Report — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Delaware & Hudson Co.**

**Transwestern Pipeline Company** —Analysis—Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are comparative figures on **Public Utility Stocks.**

**Utilities & Industries Corp.** — Analysis — New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

# Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

*NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.*

**ACR Electronics Corp.**
Sept. 28, 1960 filed 150,000 shares of common stock, 75,000 series I common stock purchase warrants, and 75,000 series II common stock purchase warrants, to be offered in units, each unit to consist of two common shares, one series I 5-year purchase warrant, and one 5-year series II warrant. Warrants are exercisable initially at $2 per share. **Price**—To be supplied by amendment. **Proceeds** — For salaries of additional personnel, liquidation of debt, research, and the balance for working capital. **Office**—551 W. 22nd Street, New York City. **Underwriters**—Globus, Inc. and Ross, Lyon & Co., Inc., both of New York City.

**Adirondack Industries, Inc. (11/28-12/2)**
Oct. 13, 1960 filed 120,000 shares of common stock (par $1), of which 50,000 shares will be offered for the account of the issuing company and 70,000 shares, representing outstanding stock, will be offered for the Estate of Edward D. McLaughlin, company founder. **Price**—To be supplied by amendment. **Business**—The company, for whom this represents the first public offering, makes baseball bats and bowling pins. **Proceeds**—For general corporate purposes. **Office** — Dolgeville, N. Y. **Underwriter**—Shearson, Hammill & Co., New York City (managing).

**Adler Built Industries, Inc.**
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For acquisition and development of land and operating capital. **Office**—1201 W. 66th St., Hialeah, Fla. **Underwriter** — American Diversified Securities, Inc., Washington, D. C.

**• Aircraft Armaments, Inc.**
Sept. 26, 1960 filed 265,500 shares of common stock, to be offered by United Industrial Corp. to holders of UIC common on the basis of one Aircraft share for each 8 UIC shares held. **Price**—To be supplied by amendment. **Business**—The issuer, wholly owned by UIC, is engaged in applied research and development in various technical fields and works largely for the Department of Defense. **Office**—Cockeysville, Md. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing). **Offering**—Expected in December.

**• Alarm Device Manufacturing Co., Inc. (11/28-12/2)**
Sept. 19, 1960 filed 130,500 shares of outstanding common stock (par 10 cents). **Price** — $4 per share. **Business**—Manufacture and sale of burglar and fire alarm equipment. **Proceeds**—To selling stockholders. **Office**—1665 St. Marks Ave., Brooklyn, N. Y. **Underwriter**—Golkin, Bomback & Co., New York, N. Y.

**• All American Engineering Co. (11/22)**
Sept. 27, 1960 filed 85,918 shares of common stock (par 10 cents), to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each four shares held with rights to expire on Dec. 7. **Price** — To be supplied by amendment. **Business**—The firm is engaged primarily, under government-sponsored contracts, in research, development, and manufacturing activities related to the aircraft, satellite, and missile fields. **Proceeds** — For general corporate purposes. **Office**—Du Pont Airport, Wilmington, Del. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

**• Allegri-Tech, Inc.**
Sept. 21, 1960 filed 100,000 shares of 50c par common stock. **Price** — $6 per share. **Business** — The company makes and sells printed circuitry and modules. **Proceeds** — To pay bank notes and other indebtedness incurred for equipment, to finance leasehold improvements, and for research and development expenses. **Office** — 141 River Road, Nutley, N. J. **Underwriter**—Myron A. Lomasney & Co., New York City. **Offering**—Imminent.

**Allied Bowling Centers, Inc.**
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed

**• Alloys Unlimited, Inc. (12/5-9)**
Oct. 14, 1960 filed 135,000 shares of common stock (par 10¢), of which 75,000 shares are to be offered for the account of the company and 60,000 shares for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company manufactures certain components for such semiconductor devices as silicon and germanium transistors, diodes and rectifiers. **Proceeds**—For general corporate purposes including debt reduction. **Office**—21-01 43rd Ave., Long Island City, N. Y. **Underwriters**—Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co., New York, N. Y.

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## NEW ISSUE CALENDAR

**November 17 (Thursday)**

Public Service Co. of New Hampshire — Bonds
(Bids 11:00 a.m. EST) $6,000,000

**November 18 (Friday)**

Keyes Fibre Co. — Debentures
(Offering to stockholders—underwritten by Coffin & Burr, Inc.) $10,000,000

Nationwide Tabulating Corp. — Common
(Milton D. Blauner & Co., Inc.) $200,000

**November 21 (Monday)**

Amacorp Industrial Leasing Co., Inc. — Common
(McDonnell & Co., Inc.) 40,000 shares

Amacorp Industrial Leasing Co., Inc. — Debens.
(McDonnell & Co., Inc.) $1,000,000

Baruch (R.) & Co. — Common
(R. Baruch & Co.) $200,000

Cavitron Corp. — Common
(No underwriting) $600,000

Cook Coffee Co. — Common
(Goldman, Sachs & Co.) 100,000 shares

Cyclomatics Inc. — Common
(General Securities Co. $250,000

Davega Stores Corp. — Debentures
(Amos Treat & Co., Inc.) $1,500,000

Drexel Dynamics Corp. — Common
(Warner, Jennings, Mandel & Longstreth) $600,000

Federal Street Fund, Inc. — Common
(Goldman, Sachs & Co.) $20,000,000

Foremost Industries, Inc. — Common
(Richard Bruce & Co., Inc.) $300,000

Frouge Corp. — Common
(Van Alstyne, Noel & Co.) 175,000 shares

Frouge Corp. — Debentures
(Van Alstyne, Noel & Co.) $1,500,000

Globe Security Systems, Inc. — Common
(Drexel & Co.) 100,000 shares

High Point Ski Ways, Inc. — Common
(Osborne, Clark & Van Buren, Inc.) $300,000

Kirk (C. F.) Laboratories, Inc. — Common
(Schrijver & Co.) $299,700

Koeller Air Products, Inc. — Units
(Lloyd Securities) $200,000

Long Island Plastics Corp. — Common
(The James Co.) $300,000

Model Finance Service, Inc. — Debentures
(Paul C. Kimball & Co.) $1,000,000

Model Finance Service, Inc. — Preferred
(Paul C. Kimball & Co.) 100,000 shares

National Film Studios, Inc. — Common
(R. Baruch & Co.) $300,000

Paddington Corp. — Common
(Lee Higginson Corp. and H. Hentz & Co.) 36,498 shares

Preferred Risk Life Assurance Co. — Common
(Preferred Investments, Inc.) $1,500,000

Robosonics, Inc. — Common
(Mandell & Kahn, Inc.) $900,000

Simplex Wire & Cable Co. — Capital
(Paine, Webber, Jackson & Curtis) 118,000 shares

Standard Instrument Corp. — Common
(Havener Securities Corp.) 50,000 shares

Tele-Tronics Co. — Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Tenax, Inc. — Debentures
(Myron A. Lomasney & Co.) $1,500,000

Vector Industries, Inc. — Common
(Plymouth Securities Corp.) $300,000

Vibration Mountings & Controls, Inc. — Common
(Michael G. Kletz & Co., Inc.) $525,000

Williamsburg Greetings Corp. — Common
(Standard Securities Corp.; Bruno-Lenchner, Inc. and Amos Treat & Co., Inc.) $1,080,000

**November 22 (Tuesday)**

All American Engineering Co. — Common
Offering to stockholders—underwritten by Drexel & Co.) 85,918 shares

Berkshire Frocks, Inc. — Common
(Blair & Co. and Richter & Co.) 120,000 shares

Berman Leasing Co. — Common
(Eastman Dillon, Union Securities & Co.) 430,000 shares

Central Vermont Public Service Corp. — Preferred
(Hallgarten & Co.) 60,000 shares

Consolidated Edison Co. of New York — Bonds
(Bids 11:00 a.m. EST) $75,000,000

Sampson-Miller Associated Companies, Inc. — Com.
(Moore, Leonard & Lynch) 150,000 shares

United Bowling Centers, Inc. — Common
(Emanuel, Deetjen & Co and Hill, Darlington & Co.) 200,000 shares

**November 23 (Wednesday)**

United Air Lines, Inc. — Debentures
(Harriman Ripley & Co., Inc.) $25,000,000

**November 25 (Friday)**

Chemtronic Corp. — Common
(Jay W. Kaufman & Co.) $400,000

Sulray, Inc. — Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $300,000

Telephone & Electronics Corp. — Common
(Equity Securities Co.) $264,900

Willer Color Television System, Inc. — Common
(Equity Securities Co.) $242,670

**November 28 (Monday)**

Adirondack Industries, Inc. — Common
(Shearson, Hammill & Co.) 120,000 shares

Alarm Device Manufacturing Co. Inc. — Common
(Golkin, Bomback & Co.) $522,000

Andersen Laboratories, Inc. — Common
(Putnam & Co.) 150,000 shares

Brothers Chemical Co. — Common
(Sandkuhl & Company, Inc.) $300,000

Bzura Chemical Co., Inc. — Common
(P. W. Brooks & Co., Inc. and Lee Higginson Corp.) 450,000 shares

Canaveral International Corp. — Common
(S. Schramm & Co., Inc.) 300,000 shares

Carolina Metal Products Corp. — Common
(Arnold, Wilkens & Co.) $500,000

Caruso Foods, Inc. — Common
(Searight, Ahalt & O'Connor, Inc.) $300,000

Designatronics, Inc. — Common
(Cortland Investing Corp.; Rothenberg, Heller & Co. and Joseph Nadler & Co., Inc.) $225,000

Dial-A-Disk, Inc. — Common
(McClane & Co., Inc.) $300,000

General Automation Corp. — Common
(Bertner Bros. and Earl Edden Co.) $200,000

General Sales Corp. — Common
(A. J. Gabriel & Co., Inc.) 120,000 shares

Gremar Manufacturing Co., Inc. — Common
(Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc.) 100,000 shares

Industrial Hose & Rubber Co., Inc. — Common
(Schrijver & Co.) $500,000

International Mosaic Corp. — Common
(B. G. Harris & Co., Inc.) $279,999

Living Aluminum, Inc. — Common
(Arnold Malkan & Co., Inc. and Sulco Securities, Inc.) $300,000

Loral Electronics Corp. — Debentures
(Kidder, Peabody & Co.; Lehman Brothers and Model, Roland & Stone) $5,000,000

Madigan Electronic Corp. — Common
(McLaughlin, Kaufman & Co.) $467,500

Metropolitan Telecommunications Corp. — Common
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) 25,000 shares

Metropolitan Telecommunications Corp. — Debens.
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) $600,000

Mohawk Insurance Co. — Common
(R. F. Dowd & Co., Inc.) $900,000

Mountain States Telephone & Telegraph Co. — Cap.
(Offering to stockholders—no underwriting) $74,114,275

Radar Measurements Corp. — Common
(Blaha & Co., Inc.) $299,950

Resisto Chemical, Inc. — Common
(Amos Treat & Co., Inc.) $500,000

School Pictures, Inc. — Common
(Equitable Securities Corp. and Kroeze, McLarty & Co.) 100,000 shares

Shatterproof Glass Corp. — Common
(Dempsey-Tegeler & Co. and Straus, Blosser & McDowell) 100,000 shares

Still-Man Manufacturing Corp. — Class A
(Francis I. duPont & Co.) 150,000 shares

Telex, Inc. — Common
(Lee Higginson Corp.) 196,000 shares

Vacudyne Associates, Inc. — Common
(Kenneth Kass; H. S. Simmons & Co., Inc. and B. N. Rubin & Co.) $200,000

Webb (Del E.) Corp. — Units
(Lehman Brothers) 160,000

Wood-Mosaic Corp. — Common
(Cruttenden, Podesta & Co. and Berwyn T. Moore & Co., Inc.) 30,000 shares

Zurn Industries, Inc. — Common
(Lee Higginson Corp.) 200,000 shares

**November 29 (Tuesday)**

American Heritage Life Insurance Co. — Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith, Inc. and Pierce, Carrison, Wulbern, Inc.) 354,240 shares

Central Maine Power Co. — Bonds
(Bids 11:00 a.m. EST) $6,000,000

Ginn & Co. — Common
(White, Weld & Co.) 817,391 shares

Texas Butadiene & Chemical Corp. — Common
(Blyth & Co., Inc. and Lehman Brothers) 635,800 shares

**November 30 (Wednesday)**

Coral Aggregates Corp. — Common
(Peter Morgan & Co. and Robinson & Co., Inc.) $400,000

**December 1 (Thursday)**

Speedry Chemical Products, Inc. — Debentures
(S. D. Fuller & Co.) $2,000,000

Speedry Chemical Products, Inc. — Common
(S. D. Fuller & Co.) 60,000 shares

**December 5 (Monday)**

Alloys Unlimited, Inc. — Common
(Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co.) 135,000 shares

Beneficial Finance Co. — Debentures
(Eastman Dillon, Union Securities & Co.) $50,000,000

Foxboro Co. — Common
(Paine, Webber, Jackson & Curtis) 211,000 shares

Frisch's Restaurants, Inc. — Common
(Westheimer & Co.) 180,000 shares

Geophysics Corp. of America — Common
(C. E. Unterberg, Towbin Co.) 50,000 shares

Glas Foam Corp. — Common
(Martinelli & Co., Inc.) $300,000

Model Engineering & Manufacturing Corp.__Com.
(Raffensperger, Hughes & Co.) 140,000 shares
Pall Corp. ____Class A
(L. F. Rothschild & Co.) 80,000 shares
Patrician Paper Co., Inc.____Units
(Hill, Darlington & Grimm) 100,000 units
Penobscot Chemical Fibre Co.____Debentures
(Coffin & Burr, Inc.) $3,250,000
Southern Bell Telephone & Telegraph Co.__Debs.
(Bids to be received) $75,000,000
Standard Pressed Steel Co.____Common
(Kidder, Peabody & Co.) 112,760 shares
Standard & Shell Homes Corp.____Units
(Aetna Securities Corp.; D. Gleich Co. and Roman & Johnson) 35,000 units
Tech Laboratories, Inc.____Common
(Carroll Co. and Dewey, Johnson & Co.) $252,000
Victor Paint Co.____Common
(Charles Plohn & Co.) 130,000 shares

**December 6 (Tuesday)**

Iowa Power & Light Co.____Common
(Bids 2:30 p.m. CST) 100,000 shares
Northern States Power Co. (Minn.)____Bonds
(Bids to be invited) $35,000,000

**December 7 (Wednesday)**

Atlanta Gas Light Co.____Bonds
(Bids 11:00 a.m. EST) $9,000,000

Chicago, Rock Island & Pacific RR. Equip. Trust Ctfs.
(Bids 1:00 p.m. EST) $3,450,000
Potomac Electric Power Co.____Bonds
(Bids to be received) $40,000,000

**December 8 (Thursday)**

Brooks (James) & Co. Inc.____Units
(Lloyd Haas & Co.) $450,000)

**December 12 (Monday)**

Consumers Power Co.____Bonds
(Bids 11:30 a.m. EST) $35,000,000

**December 13 (Tuesday)**

Louisville & Nashville RR.____Equip. Trust Ctfs.
(Bids to be received) $7,700,000
Public Service Electric & Gas Co.____Preferred
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $25,000,000

**December 15 (Thursday)**

Marsh Supermarkets, Inc.____Debentures
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $2,000,000
Stancil-Hoffman Corp.____Capital
(Pacific Coast Securities Co.) $300,000
Valdale Co., Inc.____Common
(B. N. Rubin & Co. and H. S. Simmons & Co.) $300,000

**December 19 (Monday)**

Cove Vitamin & Pharmaceutical Inc.____Units
(Hill, Thompson & Co., Inc.) 54,000 units

**January 4 (Wednesday)**

National Aeronautical Corp.____Common
(White, Weld & Co.; Yarnall, Biddle & Co. and Stroud & Co., Inc.) 60,000 shares

**January 9 (Monday)**

Bell Electronic Corp.____Common
(Schwabacher & Co.) 136,000 shares

**January 11 (Wednesday)**

Iowa Power & Light Co.____Bonds
(Bids 10:00 a.m. CST) $10,000,000

**January 17 (Tuesday)**

Gulf States Utilities Co.____Common
(Bids to be received) $11,500,000

**January 24 (Tuesday)**

Otter Tail Power Co.____Bonds
(Bids to be received) $6,000,000 to $8,000,000

**March 15 (Wednesday)**

Rochester Gas & Electric Corp.____Bonds
(Bids to be received) $15,000,000

**June 13 (Tuesday)**

Virginia Electric & Power Co.____Bonds
(Bids to be received) $30,000,000 to $35,000,000

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**● Amacorp Industrial Leasing Co., Inc. (11/21-23)**
Sept. 9, 1960 filed 40,000 shares of no par common stock and $1,000,000 of convertible subordinated debentures, series A, due Dec. 1, 1970. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business**—The financing of industrial and office equipment through the purchase and leasing of such property to its customers. **Office**—Alhambra, Calif. **Underwriter**—McDonnell & Co., Inc., New York City (managing).

**American Consolidated Mfg. Co., Inc.**
Sept. 27, 1960 (letter of notification) 39,500 shares of common stock (par 33⅓ cents). **Price** — $5 per share. **Proceeds** — For advertising and promotion and accounts receivable. **Office**—835 N. 19th St., Philadelphia, Pa. **Underwriter**—Martin, Monaghan & Mulhern, Inc., Ardmore, Pa.

**● American Cryogenics, Inc.**
Oct. 27, 1960 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries make and sell liquid and gaseous nitrogen and oxygen, dental and medical equipment, and various other gases and cylinders. **Proceeds**—About $1,300,000 for expansion of production facilities including the purchase of equipment, with the balance for working capital. **Office** — New Savannah Road, Augusta, Ga. **Underwriter**—Courts & Co., Atlanta, Ga. (managing). **Offering** — Expected in mid-December.

**● American Heritage Life Insurance Co. (11/29-12/13)**
Oct. 24, 1960 filed 354,240 shares of common stock, to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each eight shares held with rights to expire on Dec. 6 at 3:30 p.m. (EST). **Price** — To be supplied by amendment. **Business** — The company writes ordinary life, group life, and group accident and health insurance in 13 states and the District of Columbia. **Proceeds**—To be used to repay $1,481,006 of short-term indebtedness incurred in acquiring stock of Acme United Life Insurance Co., a new subsidiary of the issuer, with the remainder for general corporate purposes. **Office**—218 West Adams St., Jacksonville, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

**American Income Life Insurance Co.**
Aug. 26, 1960 filed 90,174 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each 5⅓ shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—5th and Franklin, Waco, Texas. **Underwriters**—Ladenburg, Thalmann & Co. and Lee Higginson Corp., both of New York City (managing). **Note**—This stock is not qualified for sale in New York.

**American Mortgage Investment Corp.**
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

**American Playlands Corp.**
Aug. 22, 1960 filed 300,000 shares of common stock. **Price**—$4 per share. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**—M. W. Janis Co., Inc., New York City.

**American Recreational Development Corp.**
Sept. 7, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For expenses in constructing and operating recreation centers. **Office** — 210 E. Lexington St., Baltimore 2, Md. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

**American & St. Lawrence Seaway Land Co.**
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

**Americana Properties, Inc.**
Oct. 27, 1960 filed 100,000 shares of common stock. Price—$6 per share. **Business**—The operation of shopping areas and bowling establishments in Long Island, N. Y. **Proceeds**—For debt reduction and construction of stores and a bowling facility. **Office** — 855 Montauk Highway, Oakdale, L. I., N. Y. **Underwriter**—Plymouth Securities Corp., New York City. **Offering**—Expected in early December.

**Ampal-American Israel Corp.**
Oct. 25, 1960 filed $5,000,000 of 7-year series I 6% sinking fund debentures. **Price**—At par. **Proceeds**—For various business enterprises in Israel. **Office**—17 East 71st Street, New York City. **Underwriter**—None.

**Andersen Laboratories, Inc. (11/28-12/2)**
Sept. 28, 1960 filed 150,000 shares of common stock, of which 40,000 shares are to be offered for the account of the issuing company and 110,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—To reduce indebtedness, buy new tools, and add to working capital. **Office** — Hartford, Conn. **Underwriter** — Putnam & Co., Hartford, Conn. (managing).

**● Apache Corp.**
Oct. 26, 1960 filed $4,000,000 of 6% convertible subordinated debentures, due Dec. 1, 1975. **Price** — At par. **Business**—Management of long-term risk capital investments in gas, oil, and real estate ventures, and also in mutual funds. **Proceeds**—For debt reduction, working capital, and to buy a small oil producing company. **Office**—523 Marquette Ave., Minneapolis, Minn. **Underwriters**—To be supplied by amendment. **Offering**—Expected in December.

**★ Atlas Copper, Inc.**
Nov. 3 1960 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address**—P. O. Box 642, Prescott, Ariz. **Underwriter**—None.

**Atlanta Gas Light Co. (12/7)**
Nov. 1, 1960 filed $9,000,000 of first mortgage bonds, due 1985. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans incurred for construction, which are expected to aggregate $10,200,000 at the time of the offering. **Office**—Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Shields & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; First Boston Corp. **Bids**—Expected to be received on Dec. 7 up to 11:00 a.m. (EST) at 90 Broad St., New York City. **Information Meeting** — Scheduled for Dec. 2 at 11:00 a.m. (EST) 19th floor, 90 Broad St., New York City.

**● Autosonics, Inc.**
July 29, 1960 (letter of notification) 135,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For production and research for equipment, inventory, building and working capital. **Office**—42 S. 15th St., Philadelphia, Pa. **Underwriter**—Robert M. Harris & Co., Inc., Transportation Bldg., Philadelphia, Pa. **Offering**—Imminent.

**Avionics Investing Corp.**
July 12, 1960 filed 250,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York City. **Offering**—Expected sometime in November.

**Bal-Tex Oil Co., Inc.**
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

**● Baruch (R.) & Co. (11/21-25)**
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 75 cents). **Price** — $2 per share. **Business**—The issuer is a broker-dealer with the SEC, and a member of the NASD. **Proceeds**—To take positions and maintain markets in securities, participate in underwritings, and the balance for working capital. **Office**—1518 K St., N. W., Washington, D. C. **Underwriter**—Same.

**Bell Electronic Corp. (1/9)**
Oct. 12, 1960 filed 136,000 shares of common stock, of which 86,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holder thereof. **Price**—To be supplied by amendment. **Business**—The company, which was organized in May 1959, is a distributor of electronic parts and equipment manufactured by others. **Proceeds**—For inventory and to carry accounts receivable. **Office**—306 E. Alondra Blvd., Gardena, Calif. **Underwriter** — Schwabacher & Co., San Francisco, Calif.

**● Beneficial Finance Co. (12/5-9)**
Nov. 4, 1960 filed $50,000,000 of 20-year debentures. **Price**—To be supplied by amendment. **Business**—A holding company with subsidiaries engaged primarily in the small loan and sales finance business. **Proceeds**—To be added to the general funds for the reduction of short-term bank loans. **Office**—50 Church St., New York City. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

**● Berkshire Frocks, Inc. (11/22)**
Sept. 28, 1960 filed 120,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—127 Forsyth St., Boston, Mass. **Underwriters**—Blair & Co. and Richter & Co., both of New York City.

**Berman Leasing Co. (11/22)**
Sept. 27, 1960 filed 430,000 shares of common stock (par $1), of which 200,000 shares are to be offered for the account of the issuing company and 230,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The leasing, reconditioning, and sale of trucks, tractors, trailers, and related equipment. **Proceeds**—For general corporate purposes, including working capital. **Office**—Pennsburg, Pa. **Underwriter** — Eastman Dillon, Union Securities & Co., New York City (managing).

**Bonneville Manufacturing Co.**
Oct. 24, 1960 (letter of notification) 32,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For lease of a building and operating capital. **Office**—10915 N. Burgard, Portland, Ore. **Underwriter**—Auld & Co., Portland, Ore.

**Bowl-Mor Co., Inc.**
Oct. 28, 1960 filed $2,000,000 of 6% convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — Newtown Road, Littleton, Mass. **Underwriters**—Paine, Webber, Jackson & Curtis and Granbery, Marache & Co., both of New York City (managing). **Offering**—Expected in early December.

**Bowl-Mor Co., Inc.**
Oct. 25, 1960 filed 78,955 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Business**—The company manufactures pin - sitting machines for various types of bowling games. **Proceeds**—For working capital and for costs of the company's entry into the "tenpin" bowling field. **Office** — Newton Road, Littleton, Mass. **Under-**

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**writers** — Paine, Webber, Jackson & Curtis, and Granbery, Marache & Co., both of New York City (managing). **Offering**—Expected in early December.

**● Bradford Pools, Inc.**
Oct. 24, 1960 filed 160,000 shares of class A common stock, with stock purchase warrants attached, to be offered in units consisting of five shares of stock and one warrant. **Price**—$10 per unit. **Business**—The construction, sale, and installation of pools in New Jersey and neighboring states. **Proceeds**—For general corporate purposes, including working capital. **Office** — 245 Nassau St., Princeton, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York City. **Offering**—Expected in late December.

**Brooks (James) & Co., Inc. (12/8)**
Oct. 24, 1960 filed $400,000 of 12% subordinated debentures, due 1980, 50,000 shares of common stock, and warrants for the purchase of 50,000 common shares, to be offered in units consisting of $400 of debentures, 50 common shares, and warrants for the cash purchase of 50 shares. **Price**—$450 per unit. **Business**—The retail sale in two Bronx, N. Y., stores of furniture, appliances, cameras, photo supplies, and related items. **Proceeds**—To reduce accounts payable to factors, with the balance for working capital. **Office**—542 E. 138th Street, New York City. **Underwriter**—Lloyd Haas & Co., New York City.

**Brothers Chemical Co. (11/28-12/2)**
Aug. 9, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturing chemicals. **Proceeds**—For general corporate purposes. **Office** — 575 Forest Street, Orange, N. J. **Underwriter**—Sandkuhl & Company, Inc., Newark, N. J. and New York City.

**Business Finance Corp.**
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

**● Bzura Chemical Co., Inc. (11/28-12/2)**
Aug. 25, 1960 filed 450,000 shares of common stock (par 25 cents), an undetermined number of which will be offered for the account of the issuing company, with the remainder to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company makes and sells citric acid. **Proceeds** — To expand the capacity of the parent company, Bzura, Inc., for the manufacture of fumaric acid, and to enable it to produce itaconic acid, with the balance for working capital. **Office**—Broadway & Clark Streets, Keyport, N. J. **Underwriters**—P. W. Brooks & Co., Inc., and Lee Higginson Corp., both of New York City (managing).

**Campbell Chibougamau Mines, Ltd.**
Oct. 14, 1960 filed 305,392 shares of common stock to be offered to warrant holders. **Price**—$4 per share. **Business**—The company owns and works mining properties. **Proceeds**—For general funds of the company. **Office**—55 Yonge St., Toronto. Canada. **Underwriter**—None.

**Canaveral International Corp. (11/28-12/2)**
Aug. 12, 1960 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Land sales and development. **Proceeds**—$150,000 for accounts payable, $335,000 for mortgage and interest payments, $250,000 for advertising, $250,000 for development costs and $290,000 for general working capital. **Office**—1766 Bay Road, Miami Beach, Fla. **Underwriter** — S. Schramm & Co., Inc., New York City.

**Caribbean American Corp.**
Sept. 14, 1960 filed 459,500 shares of capital stock. **Price**—$2 per share. **Business**—Caribbean real estate. **Proceeds** — For general corporate purposes. **Office** — 615 Robinson Bldg., 15th & Chestnut Sts., Philadelphia, Pa. **Underwriter**—R. P. & R. A. Miller & Co., Inc., Philadelphia, Pa.

**Caribbean & Southeastern Development Corp.**
Sept. 28, 1960 filed 140,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For investment in land in the Caribbean area, development of a site in Atlanta, Ga., and the balance for general corporate purposes. **Office**—4358 Northside Drive, N. W., Atlanta, Ga. **Underwriter**—To be supplied by amendment.

**● Carolina Metal Products Corp. (11/28-12/2)**
Sept. 28, 1960 filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — Repayment of indebtedness, machinery and equipment, and the balance for working capital. **Office** — 2222 S. Blvd., Charlotte, N. C. **Underwriter**—Arnold, Wilkens & Co., New York City.

**● Caruso Foods, Inc. (11/28)**
Sept. 2, 1960 (letter of notification) 150,000 shares of common stock (par three cents). **Price** — $2 per share. **Business**—Food processing. **Proceeds**—For general corporate purposes. **Office**—2891-99 Nostrand Ave., Brooklyn, N. Y. **Underwriter** — Searight, Ahalt & O'Connor, Inc., New York, N. Y.

**● Cavitron Corp. (11/21-28)**
July 17, 1960 filed 40,000 shares of common stock. **Price**—At-the-market. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

**Central Maine Power Co. (11/29)**
Oct. 19, 1960 filed $6,000,000 of first and general mortgage bonds, series X, due 1990. **Proceeds**—To repay bank loans, for construction, and the balance for general corporate purposes. **Office**—9 Green St., Augusta, Me. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co.; First Boston Corp. and Coffin & Burr (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly). **Bids**—Expected to be received on Nov. 29 at 11:00 a.m. **Information Meeting**—Tentatively scheduled for Nov. 21 at 11:00 a.m. in Boston.

**● Central Vermont Public Service Corp. (11/22-23)**
Oct. 7, 1960 filed 60,000 shares of second preferred stock convertible series A (par $50). **Price**—To be supplied by amendment. **Proceeds** — For repayment of outstanding short-term borrowings and for general corporate purposes. **Office**—77 Grove St., Rutland, Vt. **Underwriter**—Hallgarten & Co., New York, N. Y.

**Century Acceptance Corp.**
Sept. 29, 1960 filed $1,000,000 of 6½% junior subordinated debentures, due 1975, with five-year warrants for the purchase of 80,000 shares of regular common shares. The debentures are to be offered at par, and in units of one $500 debenture with warrants for 40 shares. **Proceeds**—For working capital and general corporate purposes. **Office**—1334 Oak Street, Kansas City, Mo. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo. (managing). **Offering**—Expected in late November.

**Chematomics, Inc.**
Nov. 2, 1960 filed 188,300 shares of common stock, of which 175,000 shares are to be offered for public sale, and the remaining 13,300 shares, being outstanding are to be offered for the account of selling stockholders, subsequent to the sale of the new shares. **Price**—$3 per share. **Business**—The company which was organized in February 1960, is engaged in the development, production and distribution of heat-resistant synthetic resins. **Proceeds** — For new equipment, promotion, inventory, working capital and research and development. **Office**—122 East 42nd Street, New York City, **Underwriter**—East Coast Investors Co., New York City.

**Chemonics Corp.**
Oct. 17, 1960 (letter of notification), 100,000 shares of common stock (par one cent). **Price** — $3 per share. **Proceeds**—For general funds and working capital. **Office**—1827 N. E. 144th St., North Miami, Fla. **Underwriter**—To be supplied by amendment.

**● Chemtronic Corp. (11/25-30)**
Sept. 2, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The company makes and sells miniature electrolytic capacitors. **Proceeds**—For general corporate purposes, including the repayment of bank loans and the addition of technical personnel. **Office**—309 11th Ave., South, Nashville, Tenn. **Underwriter**—Jay W. Kaufmann & Co., New York City.

**Circle Controls Corp.**
Oct. 28, 1960 (letter of notification) 95,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business** — Manufacture and rebuilding of electronic, electro-mechanical and mechanical controls. **Proceeds**—For general corporate purposes and working capital. **Office**—204 S. W. Boulevard, Vineland, N. J. **Underwriters**—Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; L. C. Wegard & Co., Trenton, N. J. and L. D. Sherman & Co., New York, N. Y. **Offering**—Expected in late December.

**Circle-The-Sights, Inc.**
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

**Citizens Telephone Co.**
Oct. 11, 1960 (letter of notification) 23,000 shares of common stock (no par) of which 12,000 shares are to be offered for subscription by common stockholders on the basis of one share for each five shares presently held. **Price**—$13 per share. **Proceeds**—For expenses for operating a telephone company. **Office**—220 W. Monroe St., Decatur, Ind. **Underwriter** — City Securities Corp., Indianapolis, Ind.

**Click Chemical Corp.**
Nov. 3, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of household chemicals. **Proceeds**—To go to a selling stockholder. **Office**—601 S. Columbus Ave., Mt. Vernon, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York, N. Y.

**Coastal Acceptance Corp.**
Oct. 3, 1960 (letter of notification) $100,000 of 10-year 7% registered series notes, to be offered in denominations of $100 to $1,000 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **Underwriter** — Shontell & Varick, Manchester, N. H. **Offering**—Imminent.

**Commerce Oil Refining Corp.**
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

**● Consolidated Edison Co. of New York, Inc. (11/22)**
Oct. 20, 1960 filed $75,000,000 of first and refunding mortgage bonds, series S, due Dec. 1, 1990. **Proceeds**—For expansion. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Nov. 22 up to 11:00 a.m. (EST). **Information Meeting**—Scheduled for Nov. 16 at 10:00 a.m. at the company's office, 4 Irving Place, New York City.

**Consolidated Realty Investment Corp.**
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

**Consolidated Southern Companies, Inc.**
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For the closing payment on a building, repayment of an outstanding loan and for working capital. **Office**—Suite 656, 800 Peachtree St., N. E., Atlanta, Ga. **Underwriter**—Atlanta Shares, Inc., same address as the company.

**Consumers Cooperative Association**
Oct. 25, 1960 filed $8,000,000 of 5½%, 25-year subordinated certificates of indebtedness, 320,000 shares of 5½% preferred stock, 40,000 shares of 4% second preferred stock, and 1,000 shares of common stock. **Prices**—For the certificates of indebtedness, 100% of principal amount, and for the common stock and both classes of the preferred stock, $25 per share. **Business**—The association is a cooperative wholesale purchasing and manufacturing association and functions as a supply source for local farmers' cooperative associations in several mid-Western States. **Proceeds** — For facility expansion and improvement, with $1,739,600 to be used for the retirement of maturing certificates of indebtedness and redemption prior to maturity of such certificates and the 5½% preferred stock. **Office**—3315 N. Oak Trafficway, Kansas City, Mo. **Underwriter**—None.

**Consumers Power Co. (12/12)**
Oct. 21, 1960 filed first mortgage bonds in the amount of $35,000,000, maturing in 1990 to be sold for the best price obtainable but not less favorable to the company than a 5¼% basis. **Proceeds**—To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc. **Bids**—Expected to be received on Dec. 12 up to 11:30 a.m., at 300 Park Ave., New York City. **Information Meeting**—Scheduled for Dec. 9 at 11:00 a.m., Bankers Trust Co., 16 Wall St., New York City, 12th floor.

**★ Continental Investment Corp.**
Nov. 10, 1960 filed 100,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Business** — Purchasing retail instalment sales contracts and making direct loans secured by personal property. **Proceeds** — To go to selling stockholders. **Office** — 120 S. Third St., Memphis, Tenn. **Underwriter**—J. C. Bradford & Co., Nashville, Tenn. (managing).

**Cook Coffee Co. (11/21-25)**
Oct. 19, 1960 filed 100,000 shares of outstanding common stock (par $1). **Price** — To be supplied by amendment. **Business** — Wholesale and retail grocery business. **Proceeds**—To three selling stockholders. **Office**—16501 Rockside Road, Maple Heights, Cleveland 37, Ohio. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

**Coral Aggregates Corp. (11/30)**
Aug. 25, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company intends to engage in the extraction and sale of rock. **Proceeds**—For equipment, working capital, and the retirement of indebtedness, with the balance for general corporate purposes. **Office**—7200 Coral Way, Miami, Fla. **Underwriters**—Peter Morgan & Co., New York City, and Robinson & Co., Inc., Philadelphia, Pa.

**Cormany Corp.**
Sept. 21, 1960 (letter of notification) 91,000 shares of common stock to be sold at par ($2.50 per share). **Business**—Makes and leases oil well testing equipment. **Proceeds**—To buy such equipment and to develop new tools. **Office**—2427 Huntington Drive, San Marino, Calif. **Underwriter** — Jacoby, Daigle & Werner, Inc., 541 South Spring St., Los Angeles, Calif. **Offering**—Imminent.

**● Cove Vitamin & Pharmaceutical Inc. (12/19-23)**
Sept. 30, 1960 filed 108,000 shares of common stock (par 50 cents), and five-year warrants for the purchase of an additional 54,000 shares of common stock to be offered in units, each unit to consist of two shares and a warrant for the purchase of one share. **Price** — To be supplied by amendment. **Business**—Mail order marketing of vitamins through department stores. **Proceeds** — To implement the company's merchandising plan and for working capital. **Office**—26 The Place, Glen Cove, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York, N. Y.

**Cyclomatics, Inc. (11/21-25)**
Aug. 31, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business**—Motorized and automatic health equipment. **Proceeds** — For inventory and working capital. **Office**—Astoria, L. I., N. Y. **Underwriter**—General Securities Co., 101 W. 57th St., N. Y. 19, N. Y. **Offering**—Imminent.

**Daffin Corp.**
Aug. 22, 1960, filed 150,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company makes agricultural implements, feed grinding and mixing equipment for the livestock industry, and conveying and seed cleaning equipment. **Proceeds**—To selling stockholders. **Office**—Hopkins, Minn. **Underwriters**—Lehman Brothers, New York City, and

Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing). **Offering**—Indefinitely postponed.

**● Dalto Corp.**
March 29 filed 431,217 shares of common stock to be offered for subscription by holders of such stock of record Oct. 7 at the rate of one-and-a-half new shares for each share then held. **Price**—$1.25 per share. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—Sterling, Grace & Co., 50 Broad St., New York City. **Offering**—Indefinitely postponed.

**● Davega Stores Corp. (11/21)**
Sept. 7, 1960, filed $1,500,000 of 6% convertible subordinated debentures, due 1975, to be offered to holders of its common stock pursuant to preemptive rights. **Price**—$100 per debenture. **Business**—The company operates a chain of 29 retail stores in the metropolitan New York areas in which it sells various electrical appliances and sporting goods and apparel. **Proceeds**—For general corporate purposes, including fixtures and inventory for two new retail discount centers. **Office** — 215 Fourth Ave., New York City. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

**Delta Design, Inc.**
Sept. 28, 1960 filed 100,000 shares of capital stock. **Price**—$4.50 per share. **Business** — Development of vacuum system components. **Proceeds** — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. **Office**—3163 Adams Ave., San Diego, Calif. **Underwriter**—None.

**● Designatronics, Inc. (11/28-12/2)**
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $2.25 per share. **Business**—Manufacturers of electronic equipment. For general corporate purposes. **Office** — 199 Sackett St., Brooklyn, N. Y. **Underwriters** — Cortlandt Investing Corp.; Rothenberg, Heller & Co., Inc. and Joseph Nadler & Co., Inc., New York, N. Y.

**Detroit Tractor, Ltd.**
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

**Dial-A-Disk, Inc. (11/28-12/2)**
Nov. 2 (letter of notification in Atlanta, Ga. SEC office) 150,000 shares of 5¢ par common stock. **Price** — $2 per share. **Proceeds**—For the merchandising and sale of phonograph records with a new electronic device. **Office**—North Miami, Fla. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City.

**Diketan Laboratories, Inc.**
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase inventory, purchase new equipment, for research and new product development and working capital. **Office** — 9201 Wilshire Blvd., Beverly Hills, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles, Calif.

**● Does-More Products Corp.**
Oct. 12, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds** — To pay notes payable, purchase inventory, for purchase of die and equipment and additional working capital. **Office**—201 W. Semmes St., Osceola, Ark. **Underwriter** — H. L. Wright & Co., Inc., New York, N. Y. **Offering**—Imminent.

**● Drexel Dynamics Corp. (11/21)**
Aug. 26, 1960 filed 100,000 shares of common stock (no par). **Price**—$6 per share. **Business**—Research, development, and production in the fields of mechanics, electronics, optics, and functional systems. **Proceeds**—The net proceeds, estimated at $511,740, will be used for product development ($100,000), payment of notes ($16,000), and working capital ($395,740). **Office**—Philadelphia, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. (managing).

**Drexel Equity Fund, Inc.**
Oct. 25, 1960 filed 500,000 shares of common stock (par 10 cents). **Price**—$10.20 per share. **Business**—This is a new mutual fund, organized as a closed-end fund on Oct. 19, which will become open-end pursuant to the public sale of these shares. **Proceeds**—For portfolio investment. **Office**—1500 Walnut Street, Philadelphia, Pa. **Distributor and Investment Adviser**—Drexel & Co., Philadelphia, Pa. **Offering**—Expected in mid December.

**Durlan, Inc.**
Oct. 24, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For promotion, advertising, purchase of equipment and working capital. **Address**—Blooming Glen, Pa. **Underwriter**—Hess, Grant & Remington, Inc., Philadelphia, Pa.

**● Edwards Industries, Inc.**
Sept. 27, 1960 filed 100,000 shares of common stock. **Price**—$4.50 per share. **Proceeds** — For land, financing of homes, and working capital relating to such activities. **Office**—Portland, Oreg. **Underwriter**—Joseph Nadler & Co., Inc., New York City (managing). **Offering**—Expected in mid-December.

**Electro Industries, Inc.**
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. **Prices**—Of class A common, $2 per share; of additional class A common, 2½ cents per share. **Proceeds**—To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — Carleton Securities Corp., Washington, D. C.

**Electro-Mechanics Co.**
Oct. 4, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Address**—Westlake Hills, Tex. **Underwriter**—James C. Tucker & Co., Inc., Austin, Tex.

**Electro-Nuclear Metals, Inc.**
Aug. 31, 1960 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase new equipment, rental and for administrative costs. **Office**—115 Washington Blvd., Roseville, Calif. **Underwriter**—A. J. Taranto & Co., Carmichael, Calif.

**Electronic Specialty Co.**
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriter** — Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Indefinitely postponed.

**Elion Instruments, Inc.**
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. **Price**—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. **Business**—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. **Proceeds**—To selling stockholders, who are two company officers who will lend the net proceeds to the company. **Office**—430 Buckley St., Bristol, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. **Offering**—Expected in late January-to-early February.

**★ Epps Industries, Inc.**
Nov. 2, 1960 filed 100,000 shares of $1 par common stock. **Price**—$3 per share. **Business**—Epps is engaged in distributing and processing sheet and strip steel, picking and treating steel, and manufacturing round and square electric welded steel tubing. **Proceeds**—To repay outstanding bank loans and notes, with the balance for working capital and general corporate purposes, including the installation of an additional tube mill. **Office**—2332 E. 38th St., Los Angeles 58, Calif. **Underwriter**—California Investors, 3932 Wilshire Blvd., Los Angeles 5, Calif.

**● Federal Street Fund, Inc. (11/21-25)**
Sept. 26, 1960 filed a minimum of $20,000,000 market value of shares of its $1 par common stock. **Price**—To be supplied by amendment. **Business**—The company is a newly organized open-end mutual fund. **Proceeds**—For investment. **Office**—140 Federal St., Boston, Mass. **Dealer-Manager** — Goldman, Sachs & Co., New York City (managing).

**First American Investment Corp.**
Oct. 14, 1960 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Business**—Insurance. **Proceeds**—To acquire control of Western Heritage Life Insurance Co. of Phoenix, and to organize subsidiaries. **Office**—2222 N 16th St., Phoenix, Ariz. **Underwriter**—None.

**● First Connecticut Small Business Investment Co.**
Aug. 12, 1960 filed 225,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To retire $150,000 of debentures, and for capital for loans for small businesses. **Office**—955 Main St., Bridgeport, Conn. **Underwriter** — Hill, Darlington & Grimm, of New York City. **Offering**—Postponed.

**First Small Business Investment Company of Tampa, Inc.**
Oct. 6, 1960 filed 500,000 shares of common stock. **Price**—$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

**Florida Suncoast Land & Mining Co.**
Sept. 30, 1960 filed 1,050,000 shares of common stock, of which 330,000 shares are to be offered in exchange for certain lands and assets, and the balance will be for public sale. **Price**—To be supplied by amendment. **Proceeds** — For the acquisition and development of land, mining operations and equipment, and the balance for working capital. **Office**—Tarpon Springs, Fla. **Underwriter**—None.

**Ford Electronics Corp.**
Oct. 4, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay a loan, pay a balance under creditors agreement and for working capital. **Office**—11747 Vose St., North Hollywood, Calif. **Underwriter**—Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif.

**Foremost Industries, Inc. (11/21-25)**
Oct. 14, 1960 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Business**—Manufacturers of stainless steel food service equipment used by department, drug and variety chain stores, and institutions. **Proceeds**—For expansion; to repay a loan; advertising, sales and promotion; for working capital and general corporate purposes. **Office**—250 W. 57th St., New York, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

**● Foxboro Co. (12/5-9)**
Oct. 18, 1960 filed 211,000 shares of common stock, of which 125,000 shares are to be offered for the account of the issuing company and 86,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including warehouse and plant facilities. **Office**—38 Neponset Ave., Foxboro, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

**● Franklin Discount Co.**
Aug. 23, 1960, filed $300,000 of 8% subordinated convertible debentures, due serially 1966-1968, and $300,000 of 8% subordinated capital notes due eight years, eight months and eight days after date of issue. **Prices**—At par. **Business**—The company is engaged in the consumer finance or small loan business, and, to a lesser extent, in the purchasing of car, boat, and appliance installment sales contracts from dealers. **Proceeds**—For general corporate purposes. **Office**—105 North Sage Street, Toccoa, Ga. **Underwriter**—None. **Offering**—Imminent.

**Frisch's Restaurants, Inc. (12/5-9)**
Oct. 18, 1960 filed 180,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Cincinnati, O. **Underwriter**—Westheimer & Co., Cincinnati, O. (managing).

**● Frouge Corp. (11/21-25)**
July 22, 1960 filed $1,500,000 of 6½% convertible subordinated debentures, due September 1975, and 175,000 shares of common stock (par $1), of which filing 50,000 of the common shares are to be offered for the account of selling stockholders and the balance for the account of the issuing company. **Price** — To be supplied by amendment. **Business**—The company is engaged in the construction business, both as a general contractor and as a builder for its own account. **Proceeds** — For debt reduction and working capital. **Office**—141 North Ave., Bridgeport, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing).

**Gala Industries, Inc.**
Oct. 25, 1960 (letter of notification) 16,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds** — For equipment, advertising and sales, working capital, research and development. **Address** — Clifton Forge, Va. **Underwriter**—Storer Ware & Co., Roanoke, Va.

**Gar Wood Ameritronics, Inc.**
Oct. 26, 1960 filed 80,000 shares of common stock and 160,000 common stock purchase warrants, to be offered in units consisting of one share of stock and two warrants. **Price** — $4 per unit. **Business** — The firm makes auto and truck bodies, parts, and trailers, and rebuilds and sells vacuum powerbrakes. **Proceeds** — For expansion, inventory, and distribution. **Office**—Kensington & Sedgley Avenues, Philadelphia, Pa. **Underwriter**—Fraser & Co., Inc., Philadelphia, Pa.

**Garsite Corp.**
Oct. 12, 1960 filed 100,000 shares of common stock. **Price**—$3 per share. **Business**—A hydrant jet fueling company. **Proceeds**—Expansion. **Office**—Seaford, L. I., N. Y. **Underwriter**—Theodore Arrin & Co., Inc., 82 Beaver St., New York City. **Offering**—Expected in late November to early December.

**(Connie B.) Gay Broadcasting Corp.**
Sept. 9, 1960 filed 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries own and operate radio and television stations. **Proceeds**—For the acquisition of a television station and two radio stations in Missouri. **Office** — 4000 Albemarle St., N. W., Washington, D. C. **Underwriter**—Hill, Darlington & Grimm, New York City (managing). **Offering**—Indefinitely postponed.

**● General Automation Corp. (11/28-12/2)**
Sept. 30, 1960 (letter of notification) 100,000 shares of common stock (par two cents). **Price**—$2 per share. **Business**—Manufacture of machinery. **Proceeds**—For general corporate purposes. **Office**—40-66 Lawrence St., Flushing, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

**General Development Investment Plans, Inc.**
Oct. 6, 1960 filed 1,285 of Investment Plans. **Price**—To be offered for public sale with sales commissions ranging from 8% to 10%, depending upon the type of mortgage financing involved. **Proceeds**—For investment in Port St. Lucie Country Club homes, on the east coast of Florida. **Business**—The company is a wholly-owned subsidiary of General Development Corp., whose principal business is the development of large tracts of land into planned communities. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—None.

**● General Sales Corp. (11/28-12/2)**
April 28 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter**—A. J. Gabriel & Co., Inc., New York City.

**★ Genie Petroleum, Inc.**
Nov. 10, 1960 filed 838,718 shares of common stock. **Price**—$1 per share. **Business**—Development of oil properties. **Proceeds**—For general corporate purposes. **Office**—5245 W. Irving Park Road, Chicago, Ill. **Underwriter**—The issuer intends to become a licensed broker-dealer in the states in which this offering is to be made, and to offer 338,718 of the shares through its officers and employees. The remaining 500,000 shares will be offered through other licensed broker-dealers on a "best efforts" basis.

**● Geophysics Corp. of America (12/5-9)**
Sept. 28, 1960 filed 50,000 shares of common stock of which 18,750 shares are to be offered for the account of the issuing company and the remaining 31,250 for the

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account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New Bedford, Mass. **Underwriter**—C. E. Unterberg, Towbin Co., New York City (managing).

**Ginn & Co. (11/29)**
Oct. 10, 1960 filed 817,391 shares of common stock (par $1), of which 173,300 shares will be offered for the account of the issuer, and 644,091 shares will be offered for the account of selling stockholders. **Price** — To be supplied by amendment. **Business**—Publication and distribution of text books and related educational materials for schools. **Proceeds**—To reimburse the company's treasury for redemption costs of its preferred stock, and the balance for working capital. **Office**—Statler Office Bldg., Boston, Mass. **Underwriter** — White, Weld & Co., New York City.

● **Glas Foam Corp. (12/5-9)**
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For boat molds, to pay off a mortgage and for working capital. **Address**—Hialeah, Fla. **Underwriter**—Martinelli & Co., Inc., New York, N. Y.

**Globe Security Systems, Inc. (11/21-25)**
Oct. 13, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Supplying plant security and uniformed guard and investigatory services to industrial and commercial customers. **Proceeds**—For debt reduction, working capital, expansion, and possibly acquisitions. **Office**—2011 Walnut St., Philadelphia, Pa. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

**Gold Medal Packing Corp.**
**June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). Price—At par. Proceeds—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. Office—614 Broad Street, Utica, N. Y. Business—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialties. It also sells certain dairy products. Underwriter—Ernst Wells, Inc., 15 William Street, New York City.**

**Golden Crest Records, Inc.**
Oct. 25, 1960 filed 85,000 shares of 10c par class A common stock. **Price**—$3 per share. **Proceeds**—The firm will use the proceeds of its first public offering for working capital and general corporate purposes. **Office**—Huntington, L. I., N. Y. **Underwriter**—Dean Samitas & Co., Inc., 11 Broadway, New York City. **Offering**—Expected in January.

★ **Great American Industries, Inc.**
Nov. 10, 1960 filed 500,000 shares of outstanding common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to selling stockholders. **Office**—485 Fifth Ave., New York, N. Y. **Underwriter**—J. G. White & Co., Inc., New York, N. Y.

● **Gremar Manufacturing Co., Inc. (11/28-12/2)**
Sept. 20, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Manufactures coaxial cable connectors and associated fittings for the electronic and electrical industries. **Proceeds** — For general corporate purposes, including debt reduction, inventory and construction. **Office**—7 North Ave., Wakefield, Mass. **Underwriters**—Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc., New York, N. Y.

**Gro-Rite Shoe Co., Inc.**
Oct. 12, 1960 (letter of notification) an undetermined number of shares of common stock (par $1). **Price**—The offering will not exceed $300,000. **Proceeds**—For working capital. **Address**—Route 2, Box 129, Mount Gilead, N. C. **Underwriter**—American Securities Co., Charlotte, N. C.

**Guild Musical Instrument Corp.**
Oct. 25, 1960 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds** — For general corporate purposes, including debt reduction, machinery and equipment, inventory, and working capital. **Office**—Hoboken, N. J. **Underwriter**—Michael G. Kletz & Co., Inc., New York City.

★ **Heinicke Instruments Co.**
Nov. 10, 1960 filed 67,000 shares of common stock. **Price** To be supplied by amendment. **Business**—The company, together with its subsidiaries, makes stainless steel pumps for its own use and sale to others, and designs and manufactures high frequency cleaning equipment used in the cleaning and sterilization of glassware. **Proceeds**—To reduce by $300,000 the issuer's note in the amount of $470,000 payable to its president, Dr. Kurt J. Heinicke, with the balance for plant and equipment and other general corporate purposes. **Office**—2035 Harding St., Hollywood, Fla. **Underwriter** — Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

● **Heldor Electronics Manufacturing Corp.**
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 238 Lewis Street, Paterson, N. J. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y. **Offering**—Imminent.

**Heller, (Walter E.) & Co.**
Oct. 24, 1960 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—About $1,000,000 to purchase preferred stock of Nationwide Investment Co., about $1,000,000 to purchase securities of an as yet unorganized firm tentatively named "Credit Acceptance Co.," and the remainder for general corporate purposes. **Office**—105 West Adams St., Chicago, Ill. **Underwriters** — F. Eberstadt & Co. and Dean Witter & Co., both of New York City (managing). **Offering**—Expected in late December to early January.

**High Point Ski Ways, Inc. (11/21-25)**
Oct. 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Operation of a ski area, ice-skating rink, open air theatre, skeet and other shooting ranges. **Proceeds**—For general corporate purposes. **Address**—Port Jervis, N. Y. **Underwriter**—Osborne, Clark & Van Buren, Inc., New York, N. Y.

**Hilltop, Inc.**
Aug. 17, 1960 filed $1,650,000 of 6% subordinated debentures, due 1980, and 1,650 shares of class A common stock, to be offered in units of one $1,000 debenture and one class A share. **Price** — To be supplied by amendment. **Business**—The principal business of the company, which was organized under Kansas law in June, 1959, will be the owning, acquiring, improving, developing, selling, and leasing of improved and unimproved real property. **Proceeds**—To reduce funded debt. **Office**—401 Columbian Bldg., Topeka, Kan. **Underwriter**—None.

**Home Builders Acceptance Corp.**
July 15, 1960 filed 1,000,000 shares of common stock (par 50c). **Price**—$1 per share. **Business**—The company is engaged in real estate financing and lending. **Proceeds**—For general corporate purposes. **Office** — 409 N. Nevada, Colorado Springs, Colo. **Underwriter**—None.

**Howell Instruments Inc.**
Oct. 4, 1960 filed 140,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Address** — Fort Worth, Texas. **Underwriters**—G. H. Walker & Co., New York, N. Y. and Dewar, Robertson & Pancoast, San Antonio, Tex. **Offering**—Expected in early December.

**Hydroswift Corp.**
Oct. 20, 1960 filed 70,000 shares of common stock. **Price**—$5 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office** — 1750 South 8th St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

**I C Inc.**
**June 29 filed 600,000 shares of common stock (par $1) Price—$2.50 per share. Proceeds—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. Office—704 Equitable Bldg., Denver, Colo. Underwriters— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.**

**Illinois Beef, L. & W. S., Inc.**
**April 29 filed 200,000 shares of outstanding common stock. Proceeds—To selling stockholders. Price—$10 per share. Office—200 South Craig Street, Pittsburgh, Pa. Underwriters—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa. Offering— Expected in early 1961.**

**Industrial Control Products, Inc.**
Nov. 1, 1960 filed 125,000 shares of 10¢ par class A stock. **Price**—$4 per share. **Business**—The design and manufacture of control systems and subcontracted precision machining. The firm has recently begun to make double-diffused, broad base silicon diodes, but is not yet in commercial production of these items. **Proceeds**—For expenses of semi-conductor production, research and development, advertising and selling, inventory, and general funds. **Office**—78 Clinton Road, Caldwell Township, N. J. **Underwriter**—Edward Hindley & Co., 99 Wall Street, New York 5, N. Y. (managing). **Offering**—Expected in mid-January.

● **Industrial Hose & Rubber Co., Inc. (11/28-12/2)**
Aug. 31, 1960 filed 125,000 shares of common stock. **Price**—$4 per share. **Proceeds** — Toward the repayment of notes, new machinery, additional inventory, and the balance for working capital. **Office** — Miami, Fla. **Underwriter**—Schrijver & Co., New York City (managing).

**International Diode Corp.**
July 29, 1960 filed 42,000 shares of 6% non-cumulative convertible preferred stock (par $8). **Price** — $8 per share. **Business**—Makes and sells diodes. **Proceeds**—To establish a staff of production and sales engineers, finance new product development, buy equipment, and add to working capital. **Office**—90 Forrest St., Jersey City, N. J. **Underwriter**—Ernst Wells, Inc., New York City.

**International Mosaic Corp. (11/28-12/2)**
Sept. 30, 1960 (letter of notification) 93,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture of glass mosaics by machines and processes. **Proceeds** — For general corporate purposes. **Office**—45 East 20th St., New York 3, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y.

**Investors Preferred Life Insurance Co.**
Sept. 26, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For capital and surplus accounts. **Office**—522 Cross St., Little Rock, Ark. **Underwriter** — Life Securities, Inc., P. O. Box 3662, Little Rock, Ark.

● **Iowa Power & Light Co. (12/6)**
Nov. 7, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce past and future bank loans incurred for construction, the aggregate cost of which is estimated at $20,500,000 for 1960-1961. **Office** — 823 Walnut Street, Des Moines, Iowa. **Underwriter**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co.; Stone & Webster Securities Corp. and First Boston Corp. **Bids**—To be received on Dec. 6 up to 2:30 p.m. (CST), Assembly Room, 8th floor, Harris Bank Bldg., 111 W. Monroe St., Chicago, Ill.

● **Iowa Power & Light Co. (1/11)**
Nov. 7, 1960 filed $10,000,000 of first mortgage bonds, due 1991. **Price**—To be supplied by amendment. **Proceeds**—To reduce past and future bank loans incurred for construction, the aggregate cost of which is estimated at $20,500,000 for 1960-1961. **Office**—823 Walnut Street, Des Moines, Iowa. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Equitable Securities Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc., Lehman Brothers; Eastman Dillon, Union Securities & Co.; Blyth & Co. and Kidder, Peabody & Co. **Bids**—Expected to be received on Jan. 11 up to 10:00 a.m. (CST) at the Assembly Room, 8th floor, Harris Bank Bldg., 111 W. Monroe St., Chicago, Ill.

**Irving Fund for Investment in U. S. Government Securities, Inc.**
July 22, 1960, filed 400,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—To be supplied by amendment. **Attorneys** — Brinsmade & Shafrann, 20 Pine Street, New York 5, N. Y.

**Jonker Business Machines, Inc.**
Sept. 30, 1960 filed 50,000 common stock units, each unit to consist of one share of class A common and 3 shares of class B common, to be offered for subscription by holders of its common stock. **Price**—The price and the basis of the rights offering will be supplied by amendment. **Proceeds**—To establish sales and information centers, establish distributorships, expansion, and the balance for working capital. **Office**—404 No. Frederick Ave., Gaithersburg, Md. **Underwriter** — Hodgdon & Co., Inc., Washington, D. C.

**Jungle Juice Corp.**
Oct. 28, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For working capital and expansion. **Address**—Seattle, Wash. **Underwriters**—Planned Investing Corp., New York, N. Y. and Fidelity Investors Service, East Meadow, N. Y. **Offering**—Expected sometime in Janaury.

**Kanavau Corp.**
Sept. 30, 1960 filed 250,000 shares of common stock (par $1). **Price**—$10 per share. **Business**—A real estate investment company. **Proceeds**—For acquisition of properties, working capital and general corporate purposes. **Office**—415 Lexington Ave., New York, N. Y. **Underwriter**—Ira Investors Corp., New York, N. Y.

● **Keyes Fibre Co. (11/18-21)**
Oct. 4, 1960 filed $10,000,000 of convertible subordinated debentures, due 1985, with attached warrants for the purchase of 500,000 shares of common stock, to be offered to holders of outstanding preferred and common stock, on the basis of $100 of debentures for each 15 shares of common or preferred held. **Price**—To be supplied by amendment. **Proceeds**—Construction of a new plant, additional equipment, and the balance for working capital. **Office**—Upper College Avenue, Waterville, Maine. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

**Keystone Alloys Co.**
Oct. 28, 1960 filed 107,755 shares of common stock, of which 32,755 shares are to be offered for the account of the issuing company and 75,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The company makes aluminum siding and accessories, coated materials, aluminum railing and columns for interior and exterior use, and a variety of aluminum combination storm-screen sash and doors and related products. **Proceeds**—$150,000 will be used to finance the construction and installation of an additional paint line, with the balance for working capital. **Office**—511 Mellon Bank Bldg., Latrobe, Pa. **Underwriter** — Singer, Deane & Scribner, Pittsburgh, Pa. (managing).

● **Kirk (C. F.) Laboratories, Inc. (11/21-23)**
Sept. 28, 1960 (letter of notification) 99,900 shares of common stock (par 20 cents). **Price**—$3 per share. **Business**—Manufacturers of drugs. **Proceeds** — For general corporate purposes. **Office**—521 West 23rd St., New York, N. Y. **Underwriter**—Schriiver & Co., New York, N. Y.

● **Koeller Air Products, Inc. (11/21-25)**
Aug. 31, 1960 filed 100,000 shares of common stock (par 5 cents) and 50,000 warrants to be offered in units, each unit to consist of 2 shares of common stock and 1 warrant. Each full warrant is convertible into one share of common within a year from the date of offering at $2 per share. **Price**—$4 per unit. **Business**—The firm distributes hydrogen, nitrogen, oxygen, and welding equipment. **Proceeds** — For general corporate purposes. **Office**—596 Lexington Ave., Clifton, N. J. **Underwriter**—Lloyd Securities, 150 Broadway, New York City.

**LP Gas Savings Stamp Co., Inc.**
Sept. 27, 1960 (letter of notification) 30,000 shares of common stock **Price**—At par ($10 per share). **Proceeds**—For purchase of creative design and printing of catalogs, stamp booklets, advertising and for working capital. **Office**—300 W. 61st St., Shreveport, La. **Underwriter**—International Sales & Investment, Inc., 4501 North Blvd., Baton Rouge, La.

**Lake Central Airlines, Inc.**
Nov. 9, 1960 filed 130,000 shares of $20 par preferred stock. **Price**—To be supplied by amendment. **Business**—

The issuer is a local service airline operating primarily in the midwest. **Proceeds**—Together with a $3,000,000 bank loan, the proceeds will be used to acquire more planes and for other purposes germane to expansion. **Office**—Indianapolis, Ind. **Underwriter**—William Blair & Co., Chicago, Ill. (managing).

**"Lapidoth" Israel Oil Prospectors Corp. Ltd.**
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

**Lawndale Industries, Inc.**
Aug. 15, 1960 filed 100,000 shares of class A stock. **Price**—$5 per share. **Business**—The manufacture of porcelain enameled steel plumbing fixtures. **Proceeds** — For the construction and equipping of a new plant, and the reduction of outstanding bank loans. **Office** — Haven & Russell Aves., Aurora, Ill. **Underwriter**—Paul C. Kimball & Co. of Chicago, Ill. **Offering**—Imminent.

**Leadville Water Co.**
June 28, 1960 (letter of notification) $220,000 of 20-year 6% series A first mortgage coupon bonds to be offered in denominations of $1,000. **Price**—At par. **Proceeds**—For a mortgage payment, outstanding notes, construction of a new water supply and general corporate purposes. **Office**—719 Harrison Ave., Leadville, Colo. **Underwriter**—H. M. Payson & Co., Portland, Me.

**Liberian Iron Ore Ltd.**
**May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. Price—For units, to be supplied by amendment, and not to be in excess of par. Proceeds—To make loans to Lamco. Office—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S Underwriter—White, Weld & Co., Inc.,** New York. **Note** — This offering has temporarily **been postponed.**

**● Lifetime Pools Equipment Corp.**
July 1, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—First Pennington Corp., Pittsburgh, Pa. **Offering** — Expected in December.

**Living Aluminum, Inc. (11/28-12/2)**
Oct. 3, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Manufacturers of aluminum furniture and other household products. **Proceeds**—For additional equipment; purchase of a building; plant expansion and working capital. **Office**—40 Gazza Blvd., Farmingdale, N. Y. **Underwriters**—Arnold Malkan & Co., Inc. and Sulco Securities, Inc., New York, N. Y.

**Long Island Plastics Corp. (11/21-25)**
Oct. 26 (letter of notification) 300,000 shares of common stock (10c par). **Price**—$1 per share. **Business**—Conversion of waste or scrap nylon into pellets for use in gears and other products, and the treatment of reclaimed nylon so as to permit its mixture and blending with various plastics. **Proceeds** — For additional equipment, inventory, and working capital. **Office** — Farmingdale, L. I., N. Y. **Underwriter**—The James Co., 369 Lexington Ave., New York City.

**Loral Electronics Corp. (11/28-12/2)**
Oct. 27, 1960 filed $5,000,000 of convertible subordinated debentures, due Dec. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For plant additions, acquisitions, and working capital. **Office**—825 Bronx River Ave., New York City. **Underwriters**—Kidder, Peabody & Co., Lehman Brothers, and Model, Roland & Stone, all of New York City (managing).

**Mac Charge Plan & Northern Acceptance Corp.**
Sept. 21, 1960 (letter of notification) 60,000 shares of common stock class A (par 60 cents).**Price**—$5 per share. **Proceeds**—For company expansion. **Office**—5 E. Centre St., Baltimore, Md. **Underwriters**—Sade & Co., Bellamah, Neuhauser & Barrett, Washington, D. C., McCarley & Co., Asheville, N. C. and Murphy & Co.. Denver. Colo.

**Madigan Electronic Corp. (11/28-12/2)**
Oct. 5, 1960 filed 110,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Business**—The design manufacture and sale of electronic equipment for use primarily in weapons and data processing systems. **Proceeds**—Reduction of indebtedness and working capital. **Office**—200 Stonehinge Lane, Carle Place, N. Y. **Underwriter**—McLaughlin, Kaufman & Co., New York City.

**Marine & Electronics Manufacturing Inc.**
Sept. 22, 1960 (letter of notification) 100,000 shares of common stock class A (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—Hagerstown, Md. **Underwriter**—Batten & Co., Washington, D. C.

**Marine View Electronics, Inc.**
Oct. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office**—88-06 Van Wyck Expressway, Jamaica 18, N. Y. **Underwriter**—Fund Planning, Inc., New York, N. Y.

**● Marsh Supermarkets, Inc. (12/15)**
Nov. 4, 1960 filed $2,000,000 of convertible subordinated debentures, due Dec. 15, 1980. **Price**—To be supplied by amendment. **Business** — The corporation, directly and through two subsidiaries, operates a chain of 67 supermarkets, a bakery and ice cream plant, and processes and packages delicatessen items. **Proceeds**—For general corporate purposes, including the redemption of preferred stock and expenses incidental to the opening of new outlets. **Address**—Yorktown, Ind. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

**● Metcom, Inc.**
Sept. 2, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company makes microwave tubes and devices. **Proceeds**—For working capital, machinery and equipment, the retirement of a mortgage loan, and research and development. **Office** — 76 Lafayette Street, Salem, Mass. **Underwriter** — Hayden, Stone & Co., New York City. **Offering**—Imminent.

**● Metropolitan Telecommunications Corp. (11/28-12/2)**
Sept. 27, 1960 filed $600,000 of convertible subordinated debentures, to be offered for the account of the issuing company, and 25,000 shares of outstanding common stock, to be offered for the account of four company officers, the selling stockholders. **Prices**—For the debentures, at par; for the common, to be supplied by amendment. **Business**—The company makes and sells electronic and communications equipment. **Proceeds**—For general corporate purposes including debt reduction, working capital, and expansion. **Office** — Ames Court, Plainview, N. Y. **Underwriters**—M. L. Lee & Co., Inc and Milton D. Blauner & Co., Inc., both of New York City (managing).

**Mid-America Life Insurance Co.**
Oct. 11, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price** — $2.75 per share. **Proceeds**—For capital and surplus accounts. **Office**—318 Northwest 13th St., Oklahoma City, Okla. **Underwriter**—F. R. Burns & Co., Oklahoma City, Okla.

**Midland-Guardian Co.**
Oct. 27, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The firm discounts retail instalment sales notes for dealers in shell homes, mobile homes, and cars; finances at wholesale inventories of dealers in mobile homes and cars; makes small loans directly to borrowers; and operates various insurance subsidiaries, including a life insurance company. **Proceeds**—To repay short-term bank loans, which on Sept. 30 amounted to $31,529,000. **Office**—1100 First National Bank Bldg., Cincinnati, O. **Underwriter**—Kidder, Peabody & Co., New York City (managing). **Offering**—Expected in December.

**Midwestern Acceptance Corp.**
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85¢ of debentures. **Price** — $1 per unit. **Business** — The company will do interim financing in the home building industry. **Proceeds** — To start its lending activities. **Address** — P. O Box 886, Rapid City, S. D. **Underwriter**—None. **Offering**—Imminent.

**★ Mineral Concentrates & Chemical Co., Inc.**
Nov. 10, 1960 filed 75,000 shares of common stock. **Price**—$5 per share. **Business**—Production of beryllium oxide. **Proceeds** — To pay two corporate notes; plant improvements; research and experimentation with flotation process; and working capital. **Office**—1430 First National Bank Bldg., Denver, Colo. **Underwriter**—None.

**Mobile Credit Corp.**
Sept. 14, 1960 filed 25,874 shares of common stock and 1,000 shares of $100 par 6% cumulative convertible preferred stock. The stock will be offered for subscription by shareholders of record on the basis of two shares of new common for each three such shares held and one share of new preferred for each 38.81 common shares held, the record date in each case being Sept. 1, 1960. **Prices**—For common, $10 per share; for preferred, $100 per share. **Business**—The purchase of conditional sales contracts from dealers in property so sold, such as mobile homes, trailers, boats, and motorcycles. **Proceeds**—For working capital. **Office**—100 E. Michigan Ave., Jackson, Mich. **Underwriter**—None.

**● Model Engineering & Manufacturing Corp. (12/5-9)**
Sept. 21, 1960 filed 140,000 shares of common capital stock. **Price**—To be supplied by amendment. **Business**—The company makes and sells equipment for the electrical, automotive, and aviation industries. **Proceeds**—To reduce indebtedness and for working capital. **Office**—50 Frederick St., Huntington, Ind. **Underwriter**—Raffensperger, Hughes & Co., Indianapolis, Ind. (managing)

**Model Finance Service, Inc. (11/21-25)**
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

**● Mohawk Insurance Co. (11/28-12/2)**
Aug. 8, 1960, filed 75,000 shares of class A common stock **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co. Inc., 39 Broadway, New York 6, N. Y.

**Monarch Electronics International, Inc.**
Oct. 31, 1960 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company, organized in 1958 under the name Arrow Electronics International, Inc., imports and sells electronic and high fidelity parts and equipment. **Proceeds**—To retire bank loans and for working capital. **Office**—7035 Laurel Canyon Boulevard, North Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., 240 Montgomery Street, San Francisco, Calif. **Offering**—Expected sometime in January.

**● Mortgage Guaranty Insurance Corp.**
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State. **Offering**—Expected in early December.

**Mountain States Telephone & Telegraph Co. (11/28)**
Oct. 28, 1960 filed 6,729,142 shares of capital stock to be offered to stockholders of record Nov. 28 on the basis of one new share for each five shares then held. Rights expire Dec. 20. **Price**—$12.50 per share. **Proceeds**—To repay short-term loans made to finance construction. **Office**—931 14th St., Denver, Colo. **Underwriter**—None.

**● National Aeronautical Corp. (1/4)**
Nov. 8, 1960 filed 60,000 shares of $1 par common stock. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Ft. Washington, Pa. **Underwriters**—White, Weld & Co., New York City, Yarnall, Biddle & Co. and Stroud & Co., Inc., both of Philadelphia (jointly).

**● National Airlines, Inc.**
Sept. 21, 1960 filed $10,288,000 of convertible subordinated debentures, due 1975, to be offered for subscription by holders of the outstanding common stock on the basis of $100 of debentures for each 18 common shares held. **Price**—To be supplied by amendment. **Business**—Domestic and international transport of persons, property, and mail. **Proceeds**—To make payments on planes and reduce short-term indebtedness, with the balance for general corporate purposes. **Office** — Miami International Airport, Miami, Fla. **Underwriter** — Lehman Brothers, New York City (managing). **Offering**—Expected in mid-December.

**● National Film Studios, Inc. (11/21-25)**
Sept. 20, 1960 (letter of notification) 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For expansion of the business. **Office**—Washington, D. C. **Underwriter**—R. Baruch & Co., 1518 K St., N. W., Washington, D. C.

**National Lawnservice Corp.**
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y. **Offering**—Indefinite.

**National Western Life Insurance Co.**
Sept. 13, 1960 filed 225,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the sale of shares to be issued as a result of options, in the amount of $1,106,407.50 for the discharge of indebtedness and general corporate purposes. **Office**—Denver, Colo. **Underwriter**—Peters, Writer & Christensen Inc., Denver, Colo. **Offering** — Expected sometime in December.

**● Nationwide Tabulating Corp. (11/18-23)**
Sept. 19, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Tabulating of industry and government records. **Proceeds**—For general corporate purposes including working capital. **Office**—384 Clinton St., Hempstead, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York, N. Y.

**Navajo Freight Lines, Inc.**
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden. Stone & Co. and Lowell, Murphy & Co. (jointly). **Offering**—Expected sometime in November.

**★ New Canaan Co.**
Nov. 7, 1960 (letter of notification) 8,000 shares of class A capital stock (no par) and 2,000 shares of class B capital stock (no par) to be offered in units of 4 shares of class A and 1 share of class B for subscription by holders of class A and class B stock. Rights expire on Nov. 18, 1960. **Price**—$101 per unit. **Proceeds**—To repay a bank loan, loans to subsidiaries and for working capital. **Office**—39 South Ave., New Canaan, Conn. **Underwriter** — Glidden, Morris & Co., 165 Broadway, New York, N. Y.

**New Western Underwriting Corp.**
Oct. 25, 1960 filed $2,000,000 of 15-year 6% subordinated convertible debentures. **Business** — The company which was organized in August, 1959, is developing, through subsidiaries, a dealer-recourse finance business and a life insurance business. **Proceeds**—For expansion. **Price**—At par. **Office**—Helena, Mont. **Underwriter**—Wilson, Ehli, Demos, Bailey & Co., Kook Bldg., 3203 3rd Ave., North Billings, Mont.

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**Newton Shopping Center, Inc.**
Oct. 21, 1960 (letter of notification) $300,000 of 6% sinking fund debentures to be offered in denominations of $1,000 each. **Price**—At face value. **Proceeds**—For working capital and construction of a shopping center. **Office**—200 Hillcrest Bldg., Ralston, Neb. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

**Normandy Oil & Gas, Inc.**
Aug. 31, 1960 filed 750,000 shares of common stock. **Price**—$1 per share. **Business**—Oil and gas exploration and production. **Proceeds**—For general corporate purposes. **Office**—620 Oil & Gas Bldg., Wichita Falls, Texas. **Underwriter**—None, but 102,500 of the shares are reserved for commissions to selling brokers at the rate of 15 shares for each 100 shares sold.

● **North Washington Land Co.**
May 3 filed $1,000,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville. Md. **Underwriter**—Investor Service Securities, Inc. **Note**—This statement was withdrawn on Nov. 2.

**Northern States Power Co. (Minn.) (12/6)**
Oct. 27, 1960 filed $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly). **Bids** — Expected to be received Dec. 6 up to 10:00 a.m. (CST) at Room 1100, 231 So. La Salle St., Chicago 4, Ill.

**Nu-Line Industries, Inc.**
Sept. 28, 1960 filed 200,000 shares of common stock, of which 175,000 shares are to be offered for the account of the issuing company and 25,000 shares, representing outstanding stock, are to be offered for the account of the issuer's president. **Price**—To be supplied by amendment. **Proceeds**—For capital equipment, research, sales development, and working capital. **Office**—Minneapolis, Minn. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn. (managing).

● **Paddington Corp. (11/21-25)**
Sept. 28, 1960 filed 36,498 shares of outstanding common stock. **Price**—To be related to the price of the stock on the American Stock Exchange at the time of the public offering. **Proceeds**—To selling stockholders. **Office**—630 Fifth Ave., New York City. **Underwriters**—Lee Higginson Corp. and H. Hentz & Co., both of New York City (managing).

**Pall Corp. (12/5-9)**
Oct. 27, 1960 filed 80,000 shares of class A stock (par $1), of which 30,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The firm produces metal and plastic filters for defense and consumer industries. **Proceeds**—For expansion, working caiptal, and to finance the company's entry into fibre glass manufacture. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., N. Y. **Underwriter**—L. F. Rothschild & Co., New York City (managing).

**Palm Developers Limited**
Sept. 8, 1960, filed 100,000 shares of common stock (par 1 shilling). **Price** — $3 per share. **Business** — The company intends to deal in land in the Bahamas. **Proceeds**—To buy land, and for related corporate purposes. **Office**—6 Terrace, Centreville, Nassau, Bahamas. **Underwriter**—David Barnes & Co., Inc., New York City. **Offering**—Expected in late November.

**Pathe Equipment Co., Inc.**
Oct. 17, 1960 filed 125,000 shares of class A stock (par 75 cents), of which 42,500 shares are to be offered for the account of the company and 72,500 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The remaining 10,000 shares have been acquired by the underwriter and Hampstead Investing Corp., as a finder's fee. **Price**—$5 per share. **Business**—Developing and producing automatic multiple needle and specialized sewing equipment. **Proceeds**—For general corporate purposes. **Office** — 16 Leliart's Land, East Paterson, N. J. **Underwriters** — Amos Treat & Co., Inc. and William Stix Wasserman & Co., Inc., New York, N. Y. **Offering**—Expected in early December.

● **Patrician Paper Co., Inc. (12/5-9)**
Oct. 14, 1960 filed $750,000 of 7% unsecured subordinated notes due 1964 and 100,000 shares of common stock to be offered in units of $7.50 of notes and one share of common stock. **Price**—To be supplied by amendment. **Business**—The company manufactures facial and toilet tissues. **Proceeds**—For acquisition of property, to acquire machinery and equipment, and for repayment of certain loans. **Office** — 485 Lexington Ave., New York, N. Y. **Underwriter** — Hill, Darlington & Grimm, New York, N. Y.

**Penobscot Chemical Fibre Co. (12/5)**
Oct. 24, 1960 filed $3,250,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Business**—Makes wood pulp, which it sells directly to the users, nearly all of whom are paper manufacturers. **Proceeds**—For construction, and for the reduction of indebtedness incurred for construction. **Office**—211 Congress St., Boston, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. (managing).

**Philadelphia Aquarium, Inc.**
Oct. 14, 1960 filed $1,700,000 of 6% debentures due 1975 and 170,000 shares of capital stock (par 50 cents) to be offered in units, each consisting of one $100 debenture and 10 shares of stock. **Price**—$150 per unit. **Business**—Operation of an aquarium in or about Philadelphia. **Proceeds**—To acquire ground and to construct an aquarium building or buildings. **Office**—2635 Fidelity-Philadelphia Trust Building, Philadelphia, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa. **Offering**—Expected in early December.

**Philippine Oil Development Co., Inc.**
March 30 filed 103,452,615 shares of capital stock being offered for subscription by stockholders of record Aug. 25, at the rate of one new share for each 5½ shares held with rights to expire at 3:30 p.m. on Dec. 14. **Price**—U. S. price is 1.3 cents per share; Philippine price is 3 centavos per share. **Proceeds** — To be added to the company's working capital. **Office**—Soriano Bldg., Manila, Philippines. **Underwriter**—None. **Note**—The subscription offer has been extended.

**Photogrammetry, Inc.**
Aug. 10, 1960 (letter of notification) 13,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For retirement of a short term note and working capital. **Office** — 922 Burlington Ave., Silver Spring, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

● **Pik-Quik, Inc.**
July 27, 1960 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The organization and operation of self-service markets in Florida under the names of "Pik-Quik" and "Tom Thum." There are now 31 such markets. **Proceeds**—Together with other funds, the proceeds will be used to purchase substantially all of the assets of Plymouth Rock Provision Co., Inc. **Office**—Baker Bldg., Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., Inc., New York City have withdrawn as underwriters.

**Pioneer Electronics Corp.**
Oct. 26, 1960 filed 217,902 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each share held. **Price**—$1 per share. **Proceeds** — To retire current liabilities, for capital expenditures, and for working capital. **Office**—2235 S. Carmelina Ave., Los Angeles, Calif. **Underwriter**—None.

**Plastics & Fibers, Inc.**
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y. **Note**—The underwriter states that this offering will be delayed.

★ **Potomac Electric Power Co. (12/7)**
Nov. 10, 1960 filed $40,000,000 of 35-year first mortgage bonds. **Price**—To be supplied by amendment. **Proceeds**—To retire $9,725,000 of bank loans and for construction. **Office**—929 "E" St., N. W., Washington, D. C. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; First Boston Corp.; Dillon Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers and Eastman Dillon, Union Securities Corp. (jointly). **Bids**—Tentatively expected on Dec. 7.

**Preferred Risk Life Assurance Co. (11/21-25)**
Aug. 18, 1960 filed 300,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For general corporate purposes. **Office** — 20 East Mountain St., Fayetteville, Ark. **Underwriter**—Preferred Investments, Inc., a subsidiary of the issuer.

**Process Lithographers, Inc.**
Sept. 28, 1960 filed 145,000 shares of common stock (par 10 cents), of which 125,000 shares are for public offering, and 20,000 shares are to be offered for the account of Solomon Roskin, President. **Price** — $5 per share. **Proceeds** — Toward the repayment of indebtedness, new equipment, and working capital. **Office**—200 Varick St., New York City. **Underwriter**—First Broad St. Corp., New York City (managing).

★ **Professional Insurers & Investors, Ltd.**
Nov. 4, 1960 (letter of notification) 234,550 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—104 E. 8th Avenue, Denver, Colo. **Underwriter**—None.

**Public Service Co. of New Hampshire (11/17)**
Oct. 7, 1960 filed $5,000,000 of first mortgage bonds, series L, due 1990. **Proceeds** — For repayment of loans, construction, and general corporate purposes. **Office**—1087 Elm Street, Manchester, N. H. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected Nov. 17 in room 170, Parker House, Tremont & School Sts., Boston, Mass., up to 11:00 a.m. EST. **Information Meeting** — Scheduled for Nov. 14 at 3:30 p.m. EST in room 118, Parker House, Boston, Mass.

**Puritron Corp.**
Aug. 3, 1960 filed 250,000 shares of common stock, of which 200,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of Joseph Stein, President, the present holder thereof. **Price**—To be supplied by amendment. **Business**—Makes and sells electronic air purifiers and range hoods. **Proceeds** — To retire indebtedness, with the balance for capital expenditures. **Office**—New Haven, Conn. **Underwriter** — Bache & Co., New York City (managing). **Offering**—Indefinite.

**R. E. D. M. Corp.**
Sept. 27, 1960 filed 100,000 shares of common stock. **Price** $3.50 per share. **Proceeds**—For working capital ($217,250) and production machinery and equipment ($50,000). **Office**—Little Falls, N. J. **Underwriter**—Robert Edelstein & Co., Inc., New York City. **Offering**—Expected sometime in January.

**Radar Measurements Corp. (11/28-12/2)**
Sept. 28, 1960 (letter of notification) 85,700 shares of common stock (par $1). **Price**—$3.50 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office** — 190 Duffy Ave., Hicksville, N. Y. **Underwriter**—Blaha & Co., Inc., 29-28 41st Avenue, Long Island City 1, N. Y.

★ **Rajac Self-Service, Inc.**
Nov. 15, 1960 filed 154,375 shares of common stock ($10 par). **Price**—$3 per share. **Proceeds**—$30,000 will be used to pay an outstanding note, $87,500 will be used for the acquisition, constructing, and equipping of an additional plant, $22,500 will be used to cover the expenses of offering the stock, and the balance will be used to reduce indebtedness and purchase equipment. **Office**—Mt. Vernon, N. Y. **Underwriter**—The James Co., 369 Lexington Avenue, New York 17, N. Y.

**Real Estate Mutual Fund**
Oct. 14, 1960 filed 200,000 shares of beneficial interest. **Price**—$5 per share. **Business**—An open-end real estate investment trust specializing in investment real estate. **Office** — 606 Bank of America Bldg., San Diego, Calif. **Distributor**—Real Estate Mutual Distributors, Inc., San Diego, Calif.

● **Resisto Chemical, Inc. (11/28-12/2)**
Aug. 29, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The firm makes and sells protective coatings for packaging and fabrics, and products used in insulation. **Proceeds**—For working capital ($235,358), with the balance for machinery, equipment, and general corporate purposes. **Office** — New Castle County Air Base, New Castle County, Del. **Underwriter**—Amos Treat & Co., Inc., New York City.

★ **Restaurant Associates, Inc.**
Nov. 16, 1960 filed 245,000 shares of $1 par common stock, of which 195,000 shares will be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business** — The issuer operates a wide variety of restaurants, coffee shops, and cafeterias, mostly in New York City, including The Four Seasons and The Forum of the Twelve Caesars. **Proceeds**—For working capital and expansion. **Office**—515 W. 57th St., New York City. **Underwriter**—Shearson, Hammill & Co., New York City (managing).

**Revlon, Inc.**
Oct. 28, 1960 filed 130,000 shares of outstanding common stock (par $1). **Price**—To be related to the price of the firm's shares on the New York Stock Exchange. **Proceeds** To two company officers, the selling stockholders. **Office**—666 Fifth Ave., New York City. **Underwriters**—Lehman Brothers and Reynolds & Co. Inc., both of New York City (managing). **Offering**—Expected in early December.

**Riddle Airlines, Inc.**
Aug. 19, 1960 filed $2,250,000 of 6% subordinated convertible debentures. **Price**—At 100% of principal amount. **Proceeds** — To be used as operating capital to fulfill M. A. T. S. contract, and to acquire aircraft. **Office**—International Airport, Miami, Fla. **Underwriter**—James H. Price & Co., Coral Gables, Fla., and New York City.

★ **Ritter Co., Inc.**
Nov. 16, 1960 it was reported that registration of $4,500,000 of convertible subordinated debentures, due 1980, is expected today (Nov. 17). **Price** — To be supplied by amendment. **Business** — The firm manufactures medical and dental equipment. **Proceeds**—To retire $3,350,000 of short term bank loans, with the balance for general corporate purposes. **Office**—Ritter Park, Rochester, N. Y. **Underwriter**—Lehman Brothers, New York City (managing). **Offering**—Expected in late December.

● **Robosonics, Inc. (11/21-25)**
Sept. 14, 1960 filed 180,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Business**—The company makes and sells an automatic telephone answering device, and an automatic intelligence reproduction machine. **Proceeds**—For general corporate purposes. **Office**—22 W. 48th St., New York City. **Underwriter**—Mandell & Kahn, Inc., New York City.

**Russ Togs, Inc.**
Oct. 27, 1960 filed 150,000 shares of $1 par class A stock of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The firm produces a diversified line of popular priced sports wear. **Proceeds**—For machinery and equipment, leasehold improvements, to finance additional accounts receivable and inventories, and for working capital. **Office**—1372 Broadway, New York City. **Underwriter**—Shearson, Hammill & Co., New York City (managing). **Offering**—Expected in late December.

● **Sampson-Miller Associated Companies, Inc. (11/22)**
Sept. 28, 1960 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire indebtedness, develop acreage, and to finance the increased use of instalment sales contracts, with the balance to finance the purchase of additional property. **Office**—Pitcairn, Pa. **Underwriter** — Moore, Leonard & Lynch, Pittsburgh, Pa. (managing).

**Save-Co Veterans & Services & Department Stores, Inc.**
Sept. 26, 1960 filed 163,636 shares of common stock, of which 127,273 shares are to be offered for the account of the issuing company and 36,363 shares, representing

outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The company operates a department store and gasoline service station the use of which is restricted primarily to veterans, military personnel, employees of non-profit organizations, and employees of firms doing government contract work. **Proceeds**—For general corporate purposes, including debt reduction and working capital. **Office**—3176 Frontier St., San Diego, Calif. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. (managing). **Offering**—Expected in November.

★ **Scholz Homes, Inc.**
Nov. 7 1960 (letter of notification) 25,000 shares of common stock (par $1). **Price**—At the market on the date of sale not to exceed $4 per share. **Proceeds**—To go to Donald A. Scholz, selling stockholder. **Office**—2001 N. Westwood Avenue, Toledo, Ohio. **Underwriter**—None.

**School Pictures, Inc. (11/28-12/2)**
Sept. 28, 1960 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1610 North Mill St., Jackson, Miss. **Underwriters**—Equitable Securities Corp. of New York City, and Kroeze, McLarty & Co., of Jackson, Miss.

**Seaboard Homes, Inc.**
Nov. 7, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture, assembly and sale of homes and home sectional components. **Proceeds**—For general corporate purposes. **Office**—200 Saw Mill River Rd., Hawthorne, N. Y. **Underwriters**—Richard Bruce & Co., Inc. and Fox & Walters, Inc., New York, N. Y.

**Seaboard & Western Airlines, Inc.**
Sept. 28, 1960 filed 704,160 shares of common stock being offered for subscription by holders of its common stock of record Oct. 31 on theb asis of two new shares for each share held with rights to expire on Nov. 21. **Price**—$3 per share. **Proceeds**—Payments to creditors, purchase of new aircraft and engines, payment of notes, and the balance for working capital. **Office**—New York International Airport, Jamaica, L. I., N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York City.

**Security Annuity Life Insurance Co.**
Sept. 8, 1960, filed 300,000 shares of common stock. **Price**—$7 per share. (The issuer's subsidiary, Annuity Life Insurance Co., which will register with the SEC as an open end diversified management investment company, was a partner in the registration.) **Business**—The sale of various forms of life insurance, annuities, and health and accident insurance. **Proceeds**—For general corporate purposes. **Office**—713 Marion E. Taylor Building, Louisville, Ky. **Underwriter**—None.

**Self Service Drug Corp.**
Sept. 26, 1960 (letter of notification) $150,000 of 10-year 6% convertible debentures and 75,000 shares of common stock (no par) to be offered in units of $100 of debentures and 50 shares of common stock. **Price** — $200 per unit. **Proceeds** — To move and equip a new warehouse; pay off certain bank indebtedness and for new lines. **Office**—2826 Mt. Carmel Ave., N. Hills, Glenside, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa. **Offering**—Expected in early December.

**Shatterproof Glass Corp. (11/28)**
Oct. 12, 1960 filed 100,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company makes and sells laminated safety plate and sheet glass, primarily to the automotive replacement market, and sells its products for use as original equipment to bus, truck, television, and farm and road equipment manufacturers. **Proceeds**—To repay current short-term bank loans incurred to supplement working capital. **Office** — 4815 Cabot St., Detroit, Mich. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo., and Straus, Blosser & McDowell, Chicago, Ill. (managing).

★ **Shenango Valley Water Co.**
Nov. 8, 1960 (letter of notification) 1,000 shares of 5% cumulative preferred stock (par $100). **Price**—$105 per share. **Proceeds**—To liquidate debts and short-term notes. **Office**—100 Shenango Avenue, Sharon, Pa. **Underwriter**—None.

**Simplex Wire & Cable Co. (11/21-25)**
Sept. 28, 1960 filed 118,000 shares of outstanding capital stock. **Price**—To be supplied by amendment. **Office**—Cambridge, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

● **Slick Airways, Inc.**
Oct. 27, 1960 filed 600,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company was engaged exclusively as a contract and charter carrier until July 1, 1960 when it diversified by acquiring Illinois Shade Cloth Corp. **Proceeds**—For general corporate purposes. **Office**—3000 No. Clybourn Ave., Burbank, Calif. **Underwriters** — Auchincloss, Parker & Redpath and Allen & Co., both of New York City (managing). **Offering**—Indefinitely postponed.

**Solitron Devices, Inc.**
Sept. 9, 1960 filed $400,000 of 6% subordinated convertible debentures, due 1967. **Price**—At par. **Business**—The company makes and sells solid state devices. **Proceeds**—For general corporate purposes. **Office**—67 South Lexington Ave., White Plains, N. Y. **Underwriter**—Casper Rogers & Co., New York City. **Offering**—Expected sometime in December.

● **South Central Natural Gas Corp.**
Oct. 13, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company, which was organized in June 1960, is in the business of producing natural gas and oil. **Proceeds** — For working capital, with the balance for rental payments, loan repayments, drilling, and related expenditures. **Office**—1300 Oil & Gas Bldg., New Orleans, La. **Underwriter**—Willis E. Burnside & Co., Inc., New York City. **Offering**—Expected in December.

★ **Southern Bell Telephone & Telegraph Co. (12/5)**
Nov. 10, 1960 filed $75,000,000 of debentures due 1997. **Proceeds**—For construction. **Office**—Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., both of New York City. **Bids**—Expected on or about Dec. 5.

**Southwest Gas Corp.**
Nov. 7, 1960 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The sale and distribution of natural gas for domestic, commercial, agricultural, and industrial uses in parts of California, Nevada, and Arizona. **Proceeds**—To reduce indebtedness, with the balance for working capital. **Office**—2011 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

**Southwestern Capital Corp.**
Sept. 30, 1960 filed 1,000,000 shares of common stock. **Price**—$3 per share. **Business**—A closed-end investment company. **Proceeds**—For investment purposes. **Office**—1326 Garnet Ave., San Diego, Calif. **Underwriter**—None.

**Southwestern Oil Producers, Inc.**
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

**Speedry Chemical Products Inc. (12/1)**
Sept. 28, 1960 filed $2,000,000 of convertible subordinated debentures, due Nov. 30, 1975, and 60,000 shares of class A common stock (50c par). **Prices**—To be supplied by amendment. **Business**—The company makes special purpose inks and devices used in their application. **Proceeds**—For expansion, acquisitions, and the retirement of bank loans. **Office** — 91-31 121st St., Richmond Hill, Queens, L. I., N. Y. **Underwriter** — S. D. Fuller & Co., New York City (managing).

**Stancil-Hoffman Corp. (12/15)**
Sept. 30, 1960 filed 150,000 shares of capital stock. **Price**—$2 per share. **Business** — The research, development, manufacture, and sale of magnetic recording equipment. **Office** — 921 North Highland Ave., Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

**Standard Instrument Corp. (11/21-25)**
Aug. 26, 1960 (letter of notification) 50,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Business**—Manufacturers of electrical devices. **Proceeds**—For general corporate purposes. **Office**—657 Broadway, New York 21, N. Y. **Underwriter** — Havener Securities Corp., New York, N. Y.

● **Standard Pressed Steel Co. (12/5-9)**
Sept. 27, 1960 filed 112,760 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Jenkintown, Pa. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

● **Standard & Shell Homes Corp. (12/5-9)**
Nov. 1, 1960 filed 210,000 shares of common stock and $350,000 of 9% subordinated sinking fund debentures, due Nov. 1, 1985, with warrants, to be offered in units consisting of six common shares, a $10 debenture, and two warrants. **Price**—To be supplied by amendment. **Proceeds**—For construction, mortgage funds, and working capital. **Office**—Miami Beach, Fla. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York City, and Roman & Johnson, of Ft. Lauderdale, Fla.

**Starfire Boat Corp.**
Sept. 1, 1960 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—809 Kennedy Bldg., Tulsa, Okla. **Underwriters**—Batten & Co., Washington, D. C. and F. R. Burns & Co., Oklahoma City, Okla.

**Still-man Manufacturing Corp. (11/28-12/2)**
Aug. 22, 1960 filed 150,000 outstanding shares of class A stock (par 75 cents). **Price**—To be supplied by amendment. **Business** — The company makes heating elements for small appliances and components for major appliances, and related items. **Proceeds**—To selling stockholders. **Office**—429-33 East 164 St., New York City. **Underwriter**—Francis I. duPont & Co., New York City.

**Straus-Duparquet Inc.**
Sept. 28, 1960 filed $1,000,000 of 7% convertible subordinated debentures, due 1975. **Price**—At par. **Office**—New York City. **Underwriter**—None; the offering will be made through officials and employees of the company.

● **Sulray, Inc. (11/25)**
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of specialized drugs. **Proceeds**—For general corporate purposes. **Office**—273 Columbus Ave., Tuckahoe, N. Y. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., New York, N. Y.

● **Summers Gyroscope Co.**
Aug. 29, 1960 filed 6,403,213 shares of common stock, of which 5,702,877 shares are being offered by Atlas Corp. to the holders of its outstanding common of record Nov. 9 on the basis of one Summers share for each two Atlas shares held, and 700,336 shares being offered by Mertronics Corp. to stockholders of record Nov. 9 on a share-for-share basis with rights for both offerings to expire on Dec. 5. **Price**—75 cents per share. **Purpose**—The purpose of the offering is to effect a divestiture by Atlas and Mertronics of their 71.1% interest in Summers in order to dispose of matters pending before the CAB. **Office**—2500 Broadway Ave., Santa Monica, Calif. **Underwriter**—None. **Note**—All Summers' stock not subscribed for by Atlas holders on Dec. 19 will be purchased at the subscription price by Floyd B. Odlum, former president of Atlas.

**Swingline, Inc.**
Oct. 25, 1960 filed 250,000 shares of class A stock (par $1), of which 50,000 shares will be offered for the account of the issuing company and 200,000 shares, representing outstanding stock, to be offered for the account of the company president and his wife, the selling stockholders. **Price**—To be supplied by amendment. **Business**—The company makes and sells stapling machines and various other office supplies, and has a stock interest in Wilson Jones Co., of Massachusetts, which makes and sells record-keeping and other commercial stationery supplies. **Proceeds**—For new plant and general corporate purposes of a subsidiary, Ace Fastener Corp., of Illinois. **Office**—32-00 Skillman Avenue, Long Island City, L. I., N. Y. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing). **Offering**—Expected in early December.

● **Tech Laboratories, Inc. (12/5-9)**
Sept. 28, 1960 (letter of notification) 84,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of precision instruments. **Proceeds**—For general corporate purposes. **Office**—Bergen & E. Edsall Blvds., Palisades Park, N. J. **Underwriters**—Carroll Co., and Fialkov & Co., Inc., both of New York City.

**Tech-Ohm Electronics, Inc.**
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—36-11 33rd Street, Long Island City, N. Y. **Underwriter** — Edward Lewis Co., Inc., New York, N. Y. **Note**—This issue was refiled on Sept. 6.

**Techni Electronics, Inc.**
Aug. 10, 1960 (letter of notification) 112,500 shares of common stock (par 10c). **Price**—$2 per share. **Business**—The firm makes health and massage equipment, electric housewares, and medical electronic equipment. **Proceeds**—For expansion, working capital, and research and development expenditures. **Office**—71 Crawford St., Newark, N. J. **Underwriter** — United Planning Corp., 1180 Raymond Blvd., Newark, N. J. **Offering**—Imminent.

**Telecolor**
July 25, 1960 (letter of notification) 150,000 shares of common capital stock (par 25 cents) of which 100,000 shares are to be offered by officers. **Price**—$2 per share. **Proceeds**—To lease equipment and for working capital. **Office** — 7922 Melrose Ave., Hollywood, Calif. **Underwriter**—Raymond Moore & Co.. Los Angeles, Calif.

● **Telephone & Electronics Corp. (11/25)**
Aug. 18, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Business**—Electronic communications equipment and automatic, loud-speaking telephone. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

**Tele-Tronics Co. (11/21-25)**
Aug. 10, 1960 (letter of notification) 100,000 shares of common stock (par 40 cents). **Price**—$3 per share. **Proceeds**—For plant expansion, additional machinery, acquisition of new facilities and working capital. **Office**—180 S. Main St., Ambler, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French. Inc., Philadelphia, Pa.

● **Telex, Inc. (11/28-12/2)**
Sept. 27, 1960 filed 196,000 shares of common stock, of which 125,000 shares are to be offered to holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the retirement of $1,100,000 in outstanding notes. **Office**—Minneapolis, Minn. **Underwriter** — Lee Higginson Corp., New York City (managing).

● **Tenax, Inc. (11/21-25)**
Aug. 16, 1960, filed $1,500,000 of 10-year 6% convertible subordinated debentures, due 1970. **Price** — 100% of principal amount. **Business**—The sale, stocking and financing of freezers. **Proceeds**—Repayment of short-term indebtedness and working capital. **Office**—575 Lexington Avenue, New York City. **Underwriter** — Myron A. Lomasney & Co., New York City.

● **Texas Butadiene & Chemical Corp. (11/29)**
Oct. 6, 1960 filed 635,800 shares of common stock, of which 296,000 will be offered publicly, 125,467 shares will be offered for the account of selling stockholders, and the balance will be issued in exchange for the issuer's outstanding preferred stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Office**—529 Fifth Avenue, New York City. **Underwriters**—Blyth & Co., Inc. and Lehman Brothers.

**Texas Research & Electronic Corp.**
Oct. 3, 1960 filed 600,000 shares of common stock. **Price**—$1.15 per share. **Business**—Engaged in various phases of electronics. **Proceeds**—For acquisition of small businesses. **Office**—Meadows Bldg., Dallas, Tex. **Underwriter**—Naftalin & Co., Inc., Minneapolis, Minn.

**Therm-Air Mfg. Co., Inc.**
Sept. 13, 1960 filed 125,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company makes and sells temperature and humidity control equipment for military and commercial use. **Proceeds**—To pay loans, for research and development, and for working

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capital. **Office**—1000 North Division St., Peekskill, N. Y. **Underwriter**—G. Everett Parks & Co., Inc., New York City. **Offering**—Expected in late November.

**Tip Top Products Co.**
Oct. 4, 1960 filed 60,000 shares of class A common stock **Price**—To be supplied by amendment. **Address**—Omaha, Neb. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and First Trust Co. of Lincoln, Lincoln, Neb. **Offering**—Expected in late November.

**★ Underwriter Storage, Inc.**
Nov. 8, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For engineering development studies and for working capital. **Office**—1028 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Searight, Ahalt & O'Connor, Inc., New York, N. Y.

**Unifloat Marine Structures Corp.**
Oct. 17, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, maintenance of inventory, machinery and equipment, and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—To be supplied by amendment.

**★ Union Petrochemical Co.**
Nov. 7, 1960 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For equipment, raw material and working capital. **Office**—404 N. Roxbury Drive, Beverly Hills, Calif. **Underwriter**—None.

**United Air Lines, Inc. (11/23)**
Nov. 4, 1960 filed $25,000,000 of subordinated debentures, due 1985. **Price**—To be supplied by amendment. **Proceeds** — To reduce borrowings under the issuer's bank credit agreement. **Office**—5959 South Cicero Ave., Chicago, Ill. **Underwriter** — Harriman Ripley & Co., Inc., New York City (managing).

**● United Bowling Centers, Inc. (11/22-23)**
Sept. 28, 1960 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For construction, equipment and acquisition of bowling centers. **Office** — 1055 W. Genesee St., Syracuse, N. Y. **Underwriters**—Emanuel, Deetjen & Co., and Hill, Darlington & Co., both of New York City (managing).

**United Industries Co., Inc.**
Sept. 27, 1960 filed $500,000 of 6% convertible serial subordinated debentures. **Price**—At par. **Business**—The issuer's major activity is the warehousing of grain under contract to the U. S. Commodity Credit Corp. **Proceeds**—For expansion, working capital, and loans to subsidiaries. **Office**—1235 Shadowdale, Houston, Texas. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in November.

**● United International Fund Ltd.**
Oct. 20, 1960 filed 1,000,000 shares of common stock (par one Bermuda pound). **Price**—$12.50 per share. **Business**—This is a new open-end mutual fund. **Proceeds**—For investment. **Office**—Bank of Bermuda Bldg., Hamilton, Bermuda. **Underwriters**—Kidder, Peabody & Co., Bache & Co., and Francis I. du Pont & Co., all of New York City (managing). **Offering**—Expected in mid-December.

**United Pacific Aluminum Corp.**
Aug. 24, 1960 filed $7,750,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, the proceeds will be used to pay for the erection of a primary aluminum reduction facility. **Office** — Los Angeles, Calif. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. (managing).

**United States Shell Homes, Inc.**
Oct. 28, 1960 filed $2,500,000 of 8% capital debentures, due Dec. 15, 1975, with warrants attached for the purchase of 50,000 shares of common stock, and 100,000 shares of such stock. These securities are to be offered in units consisting of $100 of debentures with attached warrants for the purchase of two common shares, and four such shares. **Price**—To be supplied by amendment. **Business**—The sale, construction, and financing of "shell" homes. **Proceeds**—For use by Dixie Acceptance Corp., a wholly-owned subsidiary of the issuer, who proposes to retire outstanding indebtedness, purchase secured instalment obligations, purchase 20,000 outstanding shares of its stock, and add to working capital. **Office** — 4415 Beach Boulevard, Jacksonville, Fla. **Underwriter**—Hayden, Stone & Co., New York City (managing). **Offering**—Expected in early December.

**● Universal Electronics Laboratories Corp.**
Oct. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—The manufacture, sale and installation of equipment used by schools and colleges in the instruction of modern foreign languages (language laboratories). **Proceeds** — For general corporate purposes. **Address** — 510 Hudson St., Hacskensack, N. J. **Underwriter**—Underhill Securities Corp., 19 Rector Street, New York, N. Y.

**Urban Development Corp.**
Aug. 30, 1960 filed 300,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—Memphis, Tenn. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

**● Vacudyne Associates, Inc. (11/28-12/2)**
Sept. 30, 1960 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business**—Distributors of radio and TV receiving tubes and owner of Transletesonic Inc. which manufactures electronic tubes. **Proceeds**—For general corporate purposes. **Office**—397 Seventh Ave., Brooklyn, N. Y. **Underwriters**—Kenneth Kass; H. S. Simmons & Co., Inc. and B. N. Rubin & Co., Inc., New York, N. Y.

**Valdale Co., Inc. (12/15)**
July 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To pay accounts payable, reduce a bank loan, advertising and for working capital. **Office**—Red Lion, Pa. **Underwriters**—B. N. Rubin & Co. and H. S. Simmons & Co. both of New York City.

**★ Varifab, Inc.**
Nov. 14, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Manufacturers of components, subassemblies, assemblies and special devices in the missile and computer fields. **Proceeds**—For general corporate purposes. **Address**—High Falls, N. Y. **Underwriter**—Droulia & Co., New York, N. Y.

**● Vector Industries, Inc. (11/21-25)**
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay in full the remainder of such subscription to capital stock of International Data Systems, Inc. and to retire outstanding notes. **Office**—2321 Forest Lane, Garland, Tex. **Underwriter**—Plymouth Securities Corp., New York City.

**Vibration Mountings & Controls, Inc. (11/21-25)**
Sept. 29, 1960 filed 150,000 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For research and development; expansion; purchase of inventory; working capital and general corporate purposes. **Office**—98-25 50th Ave., Corona, L. I., N. Y. **Underwriter**—Michael G. Kletz & Co., Inc., New York, N. Y.

**● Victor Paint Co. (12/5-9)**
Oct. 18, 1960 filed 130,000 shares of common stock of which 95,000 shares are to be offered for the account of the issuing company and 35,000 shares, representing outstanding stock, for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the opening of additional stores in the metropolitan Detroit area **Office** — Detroit, Mich. **Underwriter** — Charles Plohn & Co., New York City (managing).

**Vim Laboratories, Co., Inc.**
Oct. 26, 1960 (letter of notification) 90,000 shares of class A common stock (par $1). **Price**—$2.75 per share. **Proceeds**—To provide funds for further expansion of the company's operations. **Office**—5455 Randolph Rd., Rockville, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

**● Webb (Del E.) Corp. (11/28-29)**
Sept. 21, 1960 filed $8,000,000 of convertible subordinated debentures, due October 1975, 640,000 shares of common stock, and warrants for the purchase of 320,000 shares of such stock. These securities will be offered in units, each unit to consist of $50 principal amount of debentures, four common shares, and warrants for the purchase of two common shares. **Price**—To be supplied by amendment. **Business** — Real estate, construction, property and community development, and manufacturing. **Proceeds**—For property improvements. **Office**—302 South 23rd Ave., Phoenix, Ariz. **Underwriter**—Lehman Brothers, New York City (managing)

**Western Factors, Inc.**
June 29, 1960, filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

**Western Utilities Corp.**
Oct. 27, 1960 filed $2,750,000 of 5¼% convertible debentures, due Oct. 1, 1975. **Price**—To be supplied by amendment. **Business**—The company owns substantial amounts of common stock in three operating public utilities. **Proceeds**—To reduce indebtedness, for working capital, and for the purchase of additional securities in operating utilities. **Office** — 300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif. (managing). **Offering**—Expected in early December.

**Westminster Fund, Inc.**
Oct. 14, 1960 filed 4,000,000 shares of capital stock. **Business**—This is a new mutual fund, and its intention is to offer holders of at least $25,000 worth of acceptable securities the opportunity of exchanging each $12.50 worth of such securities for one share in the Fund, which will receive a maximum commission of 4%. **Office**—Westminster at Parker, Elizabeth, N. J. **Investment Advisor**—Investors Management Co. **Dealer - Manager**—Kidder, Peabody & Co., New York City. **Offering**—Expected in early December.

**● Willer Color Television System, Inc. (11/25)**
Jan. 29 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City.

**Williamsburg Greetings Corp. (11/21-25)**
Aug. 26, 1960 filed 180,000 shares of common stock (par 25 cents). **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged chiefly in the design, production, and sale of greeting cards. **Proceeds**—About $400,000 will be applied to the reduction of factoring advances, with the balance to be added to working capital. **Office**—3280 Broadway, New York City. **Underwriters** — Standard Securities Corp., New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa., and Amos Treat & Co., Inc., New York City.

**Wilson (H. & H.), Inc.**
Oct. 18, 1960 (letter of notification) 100,000 shares of class A common stock (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—8420 S. Atlantic Ave., Bell, Calif. **Underwriter** — Fairman & Co., Los Angeles 14, Calif.

**● Wisconsin Southern Gas Co., Inc.**
Oct. 26, 1960 filed 27,996 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank indebtedness. **Office**—Lake Geneva, Wis. **Underwriters**—The Milwaukee Co., Milwaukee, Wis., and Harley, Haydon & Co., Inc., and Bell & Farrell, Inc., both of Madison, Wis. **Offering**—Expected in late November.

**WonderBowl, Inc.**
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

**Wood-Mosaic Corp. (11/28-12/2)**
Sept. 27, 1960 filed 80,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital of the issuer and its subsidiary, Wood-Mosaic Industries, with the balance for debt reduction. **Office**—Louisville, Ky. **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill., and Berwyn T. Moore & Co., Inc., Louisville, Ky.

**Yuscaran Mining Co.**
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None. **Note**—The SEC has challenged the accuracy and adequacy of this statement. A hearing was scheduled for Aug. 29 at the request of the company counsel and the results have not as yet been announced.

**● Zurn Industries, Inc. (11/28-12/2)**
Sept. 26, 1960 filed 200,000 shares of common stock ($1 par), of which 100,000 shares are to be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture of mechanical power transmission equipment, fluid control devices, building plumbing drainage products and research and development of a synchro-gear assembly for atomic submarines. **Proceeds**—For new equipment, the repayment of loans, and working capital. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp., New York City (managing).



# Prospective Offerings

**● Acme Steel Co.**
Oct. 3, 1960 it was reported that the sale of $10,000,000 of preferred stock is planned by the company for sometime later in the year. **Proceeds**—For expansion and modernization. **Office**—135th St. & Perry Ave., Chicago, Ill. **Note**—Nov. 10, 1960 it was reported by Mr. Keeler, company treasurer, that the $10,000,000 of preferred stock has been placed privately. Partial delivery has already been made, with the balance scheduled for June, 1961.

**Alberta Gas Trunk Line Co., Ltd.**
Sept. 1, 1960 A. G. Bailey, President, announced that new financing of approximately $65,000,000 mostly in the form of first mortgage bonds, is expected early in 1961. **Office**—502-2nd St., S. W., Calgary, Alberta, Canada.

**American Investment Co.**
Nov. 3, 1960, Donald L. Barnes, Jr., executive vice-president, announced that debt financing is expected in early 1961 in the form of about $6,000,000 of capital notes and $4,000,000 to $6,000,000 of subordinated notes. **Office**—St. Louis, Mo.

**★ Approved Finance Inc.**
Nov. 11, 1960 it was reported by Paul O. Sebastian, Vice-President-Treasurer, that the company is considering a rights offering to stockholders of additional common stock via a Regulation "A" filing, possibly to occur in mid-1961. **Office**—39 E. Chestnut St., Columbus, Ohio **Underwriter**—Vercoe & Co., Columbus, Ohio.

**Arkansas Power & Light Co.**
Sept. 20, 1960 it was announced that this subsidiary of Middle South Utilities, Inc. might issue $15,000,000 of first mortgage bonds sometime in the first quarter of 1961. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable

Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

**Atlantic Transistor Corp.**
Sept. 12, 1960 the company reported that it is contemplating filing its first public offering, consisting of a letter of notification covering an undetermined number of shares of its $1 par common stock. **Business** — The company makes and sells a "water - tight, unbreakable" marine radio known as the "Marlin 200." **Proceeds**—For the development of the "Marlin 300," which is to be a similarly constructed radio with a ship-to-shore band. **Office**—63-65 Mt. Pleasant Ave., Newark, N. J. **Underwriter**—Mr. Roth, Comptroller, states that he is actively seeking an underwriter to handle the offering. **Note**—The issuing company is a wholly-owned subsidiary of Auto-Temp Inc.

**Automation Development, Inc.**
Sept. 20, 1960 it was reported that a "Reg. A" filing, comprising this firm's first public offering is expected. **Note** — This firm was formerly carried in this column under the heading "Automation for Industry Inc." **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—Ross, Riemer, Collins & Co., Inc., 44 Beaver St., New York City.

**Automation Labs Inc.**
Sept. 14, 1960 it was reported that a "Reg A" filing is expected. **Business** — Electronics. **Office** — Westbury, L. I., N. Y. **Underwriter** — Sandkuhl and Company, Newark, N. J., and New York City.

**• Baltimore Gas & Electric Co.**
Oct. 3, 1960 it was reported that the utility expects to sell about $20,000,000 of additional securities, possibly bonds or preferred stock, sometime during the first half of 1961. **Office**—Lexington Building, Baltimore, Md. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly).

**Brooklyn Eagle Inc.**
Oct. 5, 1960 it was reported that 70,000 shares of common stock will be filed. **Underwriter**—R. F. Dowd & Co., Inc., New York, N. Y.

**Brooklyn Union Gas Co.**
Sept. 21, 1960 G. C. Griswold, Vice-President and Treasurer, announced that there will be no further financing in 1960 but that $25,000,000 to $30,000,000 of mortgage bonds or preferred stock are expected in late 1961 or early 1962. **Office**—176 Remsen St., Brooklyn 1, N. Y.

**★ Brunswick Corp.**
Nov. 14, 1960 it was reported that the company expects to issue a minimum of $25,000,000 to $30,000,000 of convertible subordinated debentures before the end of 1960. A shareholders meeting is scheduled for Nov. 28 to increase the authorized number of common shares from 12,000,000 to 25,000,000 and to vote on a 2-for-1 split. Immediately following there will be a board of directors meeting. **Office** — 623 S. Wabash Ave., Chicago, Ill. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co.

**★ Business Capital Corp.**
Nov. 18, 1960 George H. Dovenmuehle, Board Chairman of Dovenmuehle Inc., Chicago, Ill., reported that this firm is contemplating "a large public offering." **Business**—This is a small business investment company formed in 1960, and it plans to develop real estate. In addition to Mr. Dovenmuehle, directors will be drawn from Commonwealth Edison Co.; Chicago Title & Trust Co.; Continental Assurance (Chicago); Booz Allen & Hamilton and Armour Research Institute. **Office**—Chicago, Ill.

**California Asbestos Corp.**
Sept. 28, 1960 it was reported that discussion is under way concerning an offering of about $300,000 of common stock. It has not yet been determined whether this will be a full filing or a "Reg. A." **Business**—The company, which is not as yet in operation but which has pilot plants, will mine and mill asbestos. **Proceeds**—To set up actual operations. **Address**—The company is near Fresno, Calif. **Underwriter**—R. E. Bernhard & Co., Beverly Hills, Calif.

**California Oregon Power Co.**
Oct. 18, 1960 it was reported that the company expects to come to market in late 1961 to raise about $12,000,000 in the form of approximately $7,000,000 of bonds and $5,000,000 common stock. **Proceeds**—For the repayment of bank loans. **Office**—216 W. Main St., Medford, Oreg.

**Carbonic Equipment Corp.**
Oct. 5, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made sometime in November. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

**• Casavan Industries**
Sept. 21, 1960 it was reported by Mr. Casavena, President, that registration is expected of approximately $11,750,000 of common stock and $10,000,000 of debentures. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds**—For expansion to meet $10,000,000 backlog. **Office**—250 Vreeland Ave., Paterson, N. J. **Underwriter**—To be named. **Registration**—Expected in the latter part of November.

**Chicago, Rock Island & Pacific RR. (12/7)**
Nov. 1, 1960 it was reported that bids will be accepted in New York City on Dec. 7 up to 1:00 p.m. (EST) for $3,450,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler.

**Citizens & Southern Small Business Investment Co.**
Oct. 24, 1960 it was reported that the company expects to file $3,000,000 of its common stock. **Office**—c/o Citizens & Southern National Bank, Marietta at Broad, Atlanta, Ga. **Registration**—Expected in November.

**Coca-Cola Co.**
Sept. 22, 1960 it was announced that under the terms of the proposed acquisition of Minute Maid Corp. this company would issue about 906,400 shares of its common stock, each share of which will be exchanged for 2.2 Minute Maid shares. **Office**—Atlanta, Ga. **Note**—Minute Maid shareholders will vote on the proposed merger on Dec. 21.

**Colorado Interstate Gas Co.**
Oct. 17, 1960 it was reported by Mr. A. N. Porter of the company's treasury department that the company is awaiting a hearing before the full FPC with reference to approval of its application for expansion of its system, which will require about $70,000,000 of debt financing. Such approval is expected in December of this year, and the public financing is expected in the latter part of 1961. **Proceeds**—For expansion. **Office**—P. O. Box 1087, Colorado Springs, Colo.

**Columbus & Southern Ohio Electric Co.**
Sept. 22, 1960 it was reported the company will sell about $10,000,000 additional common stock sometime in 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co.

**Dallas Power & Light Co.**
Sept. 14, 1960 it was stated by the company's president that there may possibly be some new financing during 1961, with no indication as to type and amount. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

**★ Diversified Automated Sales Corp.**
Nov. 16, 1960 it was reported by Frazier N. James, President, that a "substantial" issue of common stock, constituting the firm's first public offering, is under discussion. **Business** — The company makes a film and flashbulb vending machine called DASCO, which will sell as many as 18 products of various sizes and prices, and will also accept exposed film for processing. **Office**—223 8th Ave., South, Nashville, Tenn. **Underwriter**—Negotiations are in progress with several major underwriters.

**Dodge Wire Manufacturing Corp.**
Sept. 12, 1960 it was reported that registration is expected of $600,000 of common stock. **Proceeds** — For general corporate purposes. **Office** — Covington, Ga. **Underwriter**—Plymouth Securities Corp., 92 Liberty St., New York 6, N. Y.

**• Dynacolor Corp.**
Aug. 22, 1960 it was reported that new financing will take place but there is no indication as yet as to type, timing and amount. **Office**—1999 Mt. Read Blvd., Rochester, N. Y. **Underwriter**—The company's initial financing was handled by Lee Higginson Corp., New York City.

**Dynamic Center Engineering Co., Inc.**
Oct. 3, 1960 it was reported that the company plans a full filing of its $1 par common stock for sometime in November. **Proceeds**—To promote the sale of new products, purchase new equipment, and for working capital. **Office**—Norcross, Ga. **Underwriter**—To be named.

**Dynamic Instrument Corp.**
Oct. 5, 1960 it was reported that a full filing of approximately $300,000 of bonds, common stock and warrants is expected. **Proceeds**—For expansion and the manufacture of a new product. **Office**—Westbury, L. I. **Underwriter**—R. F. Dowd & Co. Inc.

**Exploit Films Inc.**
Oct. 28, 1960 it was reported that the company will file a letter of notification consisting of 150,000 shares of common stock at $2 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th St., New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City. **Registration**—Expected in December.

**★ First Real Estate Investment Fund**
Nov. 10, 1960 it was reported that a stock offering of $10,000,000 will be made to New York State residents in early-to-mid-December, and in January, 1961 a filing will be made with the SEC which will permit inter-state offering. **Business**—This is a new mutual fund which will become open-end subsequent to the sale of this stock, and will invest primarily in commercial real estate and short-term government bills. **Office**—7 E. 42nd St., New York City. **Sponsor** — Fass Management Corp., New York City.

**Florida Power & Light Co.**
Oct. 24, 1960 it was reported that an undetermined amount of bonds may be offered in the Spring of 1961. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

**Ford Motor Credit Co.**
Oct. 17, 1960 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur in the first quarter of 1961. **Office**—Detroit, Mich.

**General Resistance, Inc.**
Sept. 19, 1960 it was reported that the company will file a letter of notification, comprising its first public offering, in late December or early January. **Office** — 430 Southern Blvd., Bronx, N. Y.

**Georgia Bonded Fibers, Inc.**
Sept. 14, 1960 it was reported that November registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena, Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and N. Y. City.

**Geotechnics & Resources, Inc.**
Nov. 2, 1960 it was reported that a letter of notification covering 149,800 shares of 25¢ par common stock was imminent. **Price** — $2 per share. **Business** — The interpretation of photo-aerial maps. **Proceeds** — For equipment, research and development, and other general corporate purposes. **Office**—White Plains, N. Y. **Underwriter**—S. D. Fuller & Co., New York City.

**Goshen Farms Inc.**
Oct. 5, 1960 it was reported that 100,000 shares of the company's common stock will be filed. **Proceeds**—For breeding trotting horses. **Office**—Goshen, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

**Gulf States Utilities Co. (1/17)**
Nov. 1, 1960 it was reported that $11,500,000 of common stock will be offered. **Information Meeting**—Jan. 12, 1961 at 11:00 a.m. at the Hanover Bank, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers; Glore, Forgan & Co.; Lee Higginson Corp. **Bids**—Expected Jan. 17, 1961.

**Hemingway Brothers Interstate Trucking Co.**
Sept. 16, 1960 the ICC granted the firm permission to issue $1,000,000 of 10-year registered 6% subordinated debentures. **Business**—The firm is a common carrier by motor vehicle operating in nine Eastern states. **Proceeds**—For debt reduction and additional equipment. **Office**—New Bedford, Mass. **Underwriter**—None. **Offering**—Expected in late November to early December.

**Houston Lighting & Power Co.**
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

**Indianapolis Power & Light Co.**
According to a prospectus filed with the SEC on Aug. 25, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

**Industrial Gauge & Instrument Co.**
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

**International Safflower Corp.**
Oct. 28, 1960 it was reported that the company plans to file a letter of notification consisting of 60,000 shares of class A common stock (par $2). **Price** — $5 per share. **Proceeds**—To retire outstanding loans, purchase of planting seed, lease or purchase land, building and machinery and for working capital. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs Colo.

**• Iowa-Illinois Gas & Electric Co.**
Oct. 24, 1960 it was reported by the company treasurer, Mr. Donald Shaw that the utility expects to come to market, perhaps in mid-1961, to sell long-term securities in the form of bonds and possibly preferred stock, with the amount and timing to depend on market conditions. The 1961 construction program is estimated at $17 million of which $10-$11 million will have to be raised externally. **Office**—206 E. 2nd St., Davenport, Iowa.

**Japan Telephone & Telegraph Corp.**
Oct. 27, 1960 it was announced that this government-owned business plans a $20,000,000 bond issue in the United States. **Proceeds**—For expansion. **Underwriters**—Dillon, Read & Co., First Boston Corp., and Kidder, Peabody & Co. **Offering**—Expected in the Spring of 1961.

**Kawasaki Steel Co., Ltd.**
Oct. 17, 1960 it was reported that the Japanese company is considering a $4,000,000 bond issue for U. S. offering. **Underwriter**—First Boston Corp., New York City.

**• Laclede Gas Co.**
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for its 1961-65 construction program, but the current feeling is that it will not be necessary to turn to long-term securities until May 1962. **Office** — 1017 Olive St., St. Louis, Mo.

**Lone Star Gas Co.**
Aug. 3, 1960, it was reported that about $37,000,000 will be raised to cover capital requirements over the next year. **Office**—301 So. Harwood Street, Dallas 1, Texas.

**★ Long Island Lighting Co.**
Nov. 11, 1960 it was reported by Fred C. Eggerstedt, Jr., Assistant Vice-President, that the utility contemplates the issuance of $25,000,000 to $30,000,000 of first mortgage bonds in the second or third quarter of 1961. **Office**—250 Old Country Road, Mineola, N. Y.

**Louisville & Nashville RR. (12/13)**
Nov. 7, 1960 it was reported that $7,700,000 of equipment trust certificates will be offered on Dec. 13. **Under-**

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writer—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**Macrose Lumber & Trim Co., Inc.**

Nov. 7, 1960, it was reported that a substantial common stock offering is contemplated in early 1961. **Office**—2060 Jericho Turnpike, New Hyde Park, L. I., N. Y.

**Martin Paints & Wallpapers**

Aug. 29, 1960 it was announced that registration is expected of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds**—For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York City N. Y.

**Midland Enterprises Inc.**

April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

**● Nedick's Stores, Inc.**

Nov. 15, 1960 it was reported that a filing of approximately 17,000 shares of common stock is under discussion, but registration is not imminent. **Office**—513 W. 166th Street, New York City. **Underwriter**—Van Alstyne, Noel & Co., New York City.

**★ New Orleans Public Service, Inc.**

Nov. 10, 1960 it was reported that an issue of $15,000,000 of first mortgage bonds is expected in May, 1961. **Office**—317 Baronne St., New Orleans, La. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp., Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Salomon Brothers & Hutzler.

**Northern Fibre Glass Co.**

Sept. 28, 1960 it was reported that this company is planning to issue 100,000 shares of $1 par common stock under a letter of notification. **Office**—St. Paul, Minn. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

**★ Northern Illinois Gas Co.**

Nov. 9, 1960 C. J. Gauthier, Vice-President-finance reported that of the $95,000,000 in outside financing that will be required in the next four years to complete a $200,000,000 construction program, an unspecified amount might be raised through a common stock issue in 1961. **Office**—50 Fox St., Aurora, Ill. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., New York, N. Y. (managing).

**One Maiden Lane Fund, Inc.**

Aug. 29, 1960 it was reported that registration is expected sometime in November of 300,000 shares of com. stock. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury Bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls Inc., 1 Maiden Lane, New York 38, N. Y.

**● Orange & Rockland Utilities, Inc.**

Oct. 18, 1960 it was reported that the sale of the $10 million of 30-year first mortgage bonds is tentatively expected in April, 1961. **Office** — 10 North Broadway, Nyack, N. Y. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly).

**● Otter Tail Power Co. (1/24)**

Oct. 21, 1960, Albert V. Hartl, executive Vice-President of this utility told this newspaper that an issue of between $6,000,000 to $8,000,000 of 30-year first mortgage bonds is expected. **Office**—Fergus Falls, Minn. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Glore, Forgan & Co.; White, Weld & Co.

**Pacific Gas Transmission Co.**

Nov. 2, 1960 it was reported by Mr. K. C. Cristensen, company Vice-President and Treasurer, that this subsidiary of Pacific Gas & Electric Co. plans a rights offering to stockholders later this year of $13,300,000 of convertible debentures and also plans the sale of $90,000,000 of first mortgage bonds, the timing of which is as yet undecided. **Office**—245 Market Street, San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., New York City (managing).

**★ Pacific Lighting Corp.**

Nov. 10, 1960 it was reported by Robert W. Miller, chairman, that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961, but that if equity financing is used the amounts won't be high enough to dilute earnings of the common to below the $3.20 per share level. **Office**—600 California St., San Francisco 8, Calif.

**Panhandle Eastern Pipe Line Co.**

Sept. 28, 1960 it was reported that $65,000,000 of debentures are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing.)

**Peerless Mortgage Co.**

Sept. 21, 1960 it was reported that this company is preparing a "Reg. A" filing. **Proceeds**—To increase buying power for purchase of first and second mortgages. **Office**—Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

**Pocket Books, Inc.**

Oct. 24, 1960 it was reported that the company expects to file outstanding common stock in the amount of approximately $15,000,000. **Proceeds**—To selling stockholders. **Office**—630 5th Ave., New York City. **Underwriters**—White, Weld & Co. and Goldman, Sachs & Co. (jointly). **Registration**—Expected in November.

**★ Polysonics Inc.**

Nov. 16, 1960 it was reported that filings of a letter of notification covering 70,000 shares of the company's 1¢ par common stock is expected shortly. **Price**—$3 per share. **Business**—The company, formed last July, will act as theatrical producers and will produce jazz festivals, concerts, records, and commercial films. The firm also plans to enter the development and merchandising of new commercial color sound process for industrial and financial advertising. **Proceeds**—For working capital. **Office**—480 Lexington Avenue, New York City. **Underwriters**—M. H. Meyerson & Co., Ltd. 15 William Street, New York City (managing); Karen Securities Corp., New York City, and Selected Investors, Brooklyn, New York.

**● Power Chem Industries**

Oct. 18, 1960 it was reported that the company plans a "Reg. A" filing of 75,000 shares of common stock, constituting its first public offering. **Business**—The company is in the process of organizing and will manufacture additives for fuel oils. **Proceeds**—For expansion and general corporate purposes. **Office** — 645 Forrest Ave., Staten Island, N. Y. **Underwriter** — Ronwin Securities Inc., 645 Forrest Ave., Staten Island, N. Y. **Registration**—Expected in January.

**Prospectors Airways Co., Ltd.**

Oct. 17, 1960 it was announced that the directors have authorized the issuance of an additional 1,140,000 shares of unissued capital stock being offered to stockholders of record Oct. 28 on the basis of one new share for each two shares then held. Rights expire Nov. 18. **Price**—$1 per share. **Business**—Prospecting and exploring for metals. **Proceeds**—For general corporate purposes. **Office**—Suite 1616, 44 King St. West, Toronto 1, Ontario, Can. **Underwriter**—None.

**Public Service Electric & Gas Co. (12/13)**

Oct. 24, 1960 filed 250,000 shares of cumulative preferred stock with the New Jersey Public Utility Commission. SEC filing is expected shortly. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Newark, N. J. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing). **Information Meeting**—Scheduled for Dec. 8 at 11:00 a.m.

**★ Puget Sound Power & Light Co.**

Nov. 10, 1960 it was reported that the number of authorized common shares had been increased from 3,266,819 to 5,000,000, and that some of the added shares might be issued in 1961. **Office**—860 Stuart Bldg., Seattle 1, Wash. **Underwriter** — Previous financing has been handled by Blyth & Co.

**● Ram Electronics, Inc.**

Nov. 4, 1960 it was reported that a December letter of notification is expected comprising this firm's first public offering. **Office**—Paramus, N. J. **Underwriter**—Plymouth Securities Corp., New York City.

**Richards Aircraft Supply Co., Inc.**

Oct. 10, 1960 it was reported that a "Reg. A" filing of the company's common stock is expected. **Proceeds**—For expansion and working capital. **Office**—Ft. Lauderdale, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

**● Rochester Gas & Electric Corp. (3/15)**

Aug. 1, 1960 it was reported that $15,000,000 of debt financing is expected. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—Tentatively expected on March 15.

**Rudd-Melikian, Inc.**

Sept. 28, 1960 it was reported by J. C. Barr, a corporate officer, to this paper that new financing is being discussed. No details are available. **Office**—Hatboro, Pa.

**(Jos.) Schlitz & Co.**

March 11 it was reported that a secondary offering might be made. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

**★ South Carolina Electric & Gas Co.**

Nov. 14, 1960 C. M. Over, Treasurer, reported that this utility is tentatively planning to issue $8,000,000 of first and refunding mortgage bonds and $5,000,000 principal amount of a new series of preferred stock in March 1961. **Underwriter**—To be determined by competitive bidding. **Address**—P. O. Box 390, Columbia, S. C.

**● Southern Natural Gas Co.**

Oct. 28 ,1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

**Southern Railway Co.**

Nov. 21, 1960 stockholders will meet to vote on the issuance of $150,000,000 of new bonds. **Proceeds**—For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter** — Halsey, Stuart & Co. Inc., will head a group that will bid on $25,000,000 of the bonds.

**Southwestern Public Service Co.**

Aug. 9, 1960, it was reported that in February, 1961, the company expects to offer about $15,000,000 in bonds and about $3,000,000 in preferred stock, and that about one year thereafter a one-for-twenty common stock rights offering is planned, with the new shares priced about 6½% below the then existing market price of the common. **Office**—720 Mercantile Dallas Building, Dallas 1, Texas. **Underwriter**—Dillon, Read & Co., Inc.

**Storer Broadcasting Co.**

Sept. 28, 1960 it was reported that a secondary offering is being planned. **Office**—Miami Beach, Fla. **Underwriter**—Reynolds & Co., New York City.

**TelAutograph Corp.**

Nov. 1, 1960 it was reported by R. E. Lee, President, that a rights offering is scheduled for January, 1961, subject to FCC and SEC approval. **Proceeds**—The issuer hopes to raise over $1,000,000, which will be used to start early 1961 production of a remote handwriting device. **Office**—Los Angeles, Calif.

**★ Telescript C.S.P., Inc.**

Nov. 14, 1960 it was reported that a letter of notification, representing this firm's first public offering, will be filed shortly covering 60,000 shares of common stock. **Business**—The firm makes a prompting machine for television and an electronic tape editor. **Proceeds**—To expand plant and sales force, enter closed circuit television, repay a $20,000 loan, and for working capital. **Office**—155 West 72nd Street, New York City. **Underwriter**—Robert A. Martin Associates, Inc., 680 Fifth Avenue, New York City.

**Trans World Airlines, Inc.**

Oct. 10, 1960 it was announced that financing needs have been scaled down to $318,000,000 from the original figures of $340,000,000 with $168,000,000 to be loaned to TWA by banks, insurance companies and other lenders, $50,000,000 to be drawn from internal sources, and $100,000,000 from the proposed sale of subordinated income debentures with stock purchase warrants to TWA stockholders. **Proceeds**—To give TWA direct ownership of a jet transport fleet. **Office**—10 Richards Road, Kansas City 5, Mo. **Underwriters** — Lazard Freres & Co., Lehman Brothers and Dillon, Read & Co., Inc. (managing). **Note**—Oct. 25 it was reported that this financing is not expected to occur and a statement will be issued soon on future plans.

**Trunkline Gas Co.**

Sept. 28, 1960 it was reported that approximately $15,000,000 of bonds and $5,000,000 of preferred stock are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

**Van Dusen Aircraft Supplies, Inc.**

Nov. 1, 1960 it was reported that registration is expected during November of a letter of notification covering 100,000 shares of this firm's $1 par common stock. **Proceeds** — For expansion. **Office** — Minneapolis, Minn. **Underwriter**—Stroud & Co., Philadelphia, Pa.

**Virginia Electric & Power Co. (6/13)**

Sept. 8, 1960 it was reported that the company will need $30,000,000 to $35,000,000 from outside sources in 1961. The precise form of financing will depend upon market conditions. **Office**—Richmond 9, Va. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co. **Bids**—Expected on or about June 13.

**● Waldorf Auto Leasing Inc.**

Sept. 14, 1960 it was reported that a "Reg A" filing is expected. **Office**—2015 Coney Island Avenue, Brooklyn, N. Y. **Underwriter**—J. I. Maragil & Co., New York City.

**Whippany Paper Board Co.**

July 19, 1960, it was reported that this New Jersey company plans to register an issue of common stock. **Underwriter**—Van Alstyne, Noel & Co., New York City. **Registration**—Expected in November.

**Winona Wood Products Co.**

Aug. 24, 1960, it was reported that a full filing of class A common stock is contemplated. **Business**—The company makes wood cabinets for household and industrial use. **Office**—Winona, N. J. **Underwriter**—Metropolitan Securities Inc., Philadelphia, Pa.

**Winter Park Telephone Co.**

May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. **Office**—132 East New England Ave., Winter Park, Fla.

### With R. W. Pressprich

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert K. Connolly has been added to the staff of R. W. Pressprich & Co., 605 Market Street. He was formerly with Paine, Webber, Jackson & Curtis.

### With Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—James E. Moore is now affiliated with Eastman, Dillon, Union Securities & Co., 22 Batterymarch Street.

### Three With Goodbody

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Berton M. Krinsky, Lawrence E. Levin and John K. Torosian have become associated with Goodbody & Co., 125 High Street. Mr. Krinsky and Mr. Torosian were formerly with du Pont, Homsey & Company.

### Joins Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Percy E. Powers has become connected with Hayden, Stone & Co., 10 Post Office Square. He was formerly with du Pont, Homsey & Company.

### With Hogan, Ashford

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John P. Damon has been added to the staff of Hogan, Ashford & Co., Inc., 141 Milk Street.

### Schirmer, Atherton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Ralph A. Morrison has been added to the staff of Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

### Prudential Syndicate

Prudential Syndicate Service, Inc. has been formed with offices at 54 Franklin Street, New York City, to engage in a securities business. Officers are Abraham Klein, President; Gilbert Witzler, Secretary; and Benjamin Kaminer, Treasurer.

### Form Security Options

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Harold H. Starr and Milton Gelber have formed Security Options with offices at 127 Montgomery Street to engage in a securities business.

### Sleith Opens Office

LOUISVILLE, Ky.—Erie A. Sleith is engaging in a securities business from offices at 310 West Liberty Street.

### Form A to Z Co.

BRONX, N. Y.—A to Z Business Enterprises has been formed with offices at 2255 Cruger Avenue to engage in a securities business. Partners are Bruce Ziegler and Annabelle Ziegler. Mr. Ziegler was formerly with First Investors Corp.

### With Southern Inv.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—R. M. Touchstone is now with Southern Investment Company, Johnston Building.

### Form Aetna Planning

Aetna Planning Corporation is engaging in a securities business from offices at 1440 Broadway, New York City. Officers are Albert Morelli, President; Edward Birdt, Vice-President and Secretary; and Sidney Feldman, Treasurer.

### F. Mitchell Johnson Forms Own Firm

CHARLESTON, S. C.—F. Mitchell Johnson is engaging in a securities business under the firm name of F. Mitchell Johnson & Co., with offices at 8 State Street. Mr. Johnson was formerly a principal of Silcox & Johnson, Inc.

### Joins Powell, Kistler

(Special to THE FINANCIAL CHRONICLE)

FAYETTEVILLE, N. C.—John S. Pollard has joined the staff of Powell, Kistler & Company, 110 Old Street, members of the New York Stock Exchange.

### International Services

CLIFTON, N. J. — International Services Corp. is engaging in a securities business from offices at 348 Clifton Avenue. Officers are Philip J. Augusta, President; Marvin Skloot Treasurer; and Harold Leib, Secretary.

### Heller & Weaver Agency

FARGO, N. Dak. — Heller & Weaver Agency is conducting a securities business from offices at 325 South Seventh. Gordon H. Heller and Walter Weaver are partners.

# WASHINGTON AND YOU

*BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL*

WASHINGTON, D. C.—With the Congressional election returns nearly all in, the extreme liberals have already started their ballyhoo to get rid of some of the conservative committee chairmen during the 87th Congress.

They will make some headlines, but that will be all they will make. Some of them are already shouting to get rid of Chairman Howard Smith of Virginia, who heads the powerful House Rules Committee, and the No. 2 Democrat on the same committee, Representative William M. Colmer of Mississippi.

**These two Congressmen, along with a handful of other Democratic conservatives and the Republicans on the committee, have helped tremendously to put the brakes on spending and socialistic legislation for years.**

The liberals now believe they have the dean of the Mississippi delegation on the run because he supported the unpledged list of electors in his state in the Presidential election. But despite the howls and the headlines that will be made over Mr. Colmer, their chances of replacing the distinguished Mississippian are unfavorable.

The House Republicans and the Southern Democrats are as certain as there will be a tomorrow to rally behind Congressman Colmer to stay on the Rules Committee and help Chairman Smith with the quarterbacking.

**Kennedy's Attitude**

In at least one of his campaign speeches, John F. Kennedy, the President-elect, said he favored replacing Chairman Smith on the Rules Committee.

**However, there is a strong likelihood that friends of Mr. Kennedy will appeal to him not to interfere with this committee, or any other committee in Congress. The President-elect is a smart young man. Perhaps the odds are he will be a candidate for reelection in 1964. He is not likely to stir up a hornet's nest on Capitol Hill by taking pot-shots at some of his former colleagues in both houses.**

Congressman Colmer, would seem more in jeopardy than any other ranking House Democrat because he supported the eight unpledged electors of his state, which won over the regular Kennedy Democratic slate and the Nixon slate of electors. However, he is as individually popular with conservative Republicans as he is with conservative and middle-of-the-road Democrats.

Democrats not only maintained their heavy majorities in the Senate and House, but also among the governors of the nation. The Senate line-up in the new Congress will be 64 Democrats and 36 Republicans. Last reports showed three House seats still undecided, but the Democrats held a smashing majority. The Republicans picked up more than a score of seats. As a result, the new lineup will be approximately 257 Democrats and 175 Republicans.

**More Women in Congress**

The women folk smashed another record when the voters in Maine and Oregon each sent a woman to the Senate. Mrs. Margaret Chase Smith was reelected to the Senate from Maine, and Oregon elected newcomer Maurine B. Neuberger to replace her late husband.

New York State elected three women to the Congress; Oregon and Washington two each, and Georgia, Idaho, Illinois, Maine, Michigan, Missouri, New Jersey, Ohio, Pennsylvania and West Virginia, one each.

Although there were several Negroes who were candidates for Congress this year, the voters returned only the four Democrat incumbents. They are Georgia-born William L. Dawson, whose district embraces Chicago's downtown loop; Adam Clayton Powell from New York's Harlem District; Charles C. Diggs of Detroit, and Robert C. Nix of Philadelphia.

**Incidentally, Representative Powell, by virtue of the seniority system, is scheduled to become Chairman of the House Education and Labor Committee in January. The Harlem Congressman will succeed Graham A. Barden of North Carolina, who is retiring from Capitol Hill. Representative Dawson is Chairman of the House Government Operations Committee.**

Prior to the election of the four Negro incumbents to the House of Representatives, 23 of the 24 members of the Negro race who preceded them after the Civil War, were Republicans. Since the Administration of President F. D. Roosevelt, a great majority of the members of the Negro race have switched their political allegiance from Republican to Democratic.

**Goldwater to "Star"**

Obviously, the Democrats are going to run things on Capitol Hill for the next two years at least, and probably considerably longer, and at the White House for the next four years. Mr. Kennedy, assuming he will be a candidate for reelection in 1964, would still be only 51 years old when he left office, if he were reelected four years from now and served a second four-year term.

**Meanwhile, the biggest Republican name on Capitol Hill the next few years is destined to be the junior Senator from Arizona, Barry M. Goldwater. He will not only be the foremost Republican spokesman in Congress, he will be one of the three or four top Republicans across the Nation.**

The Westerner, who is a real conservative, has already evoked some reprimands from a couple of colleagues for his statement concerning Governor Nelson A. Rockefeller of New York.

"If Mr. Rockefeller can't carry New York," said Senator Goldwater, "he can't be reckoned with in the Republican party." He also said: "I want to figure in 1964—not necessarily as the top candidate, but I don't want Rockefeller in that spot."

**Even Senator Goldwater's political opponents readily acknowledge that he has a sizable following. Perhaps it is not yet large enough to get the Presidential nomination, but if his popularity continues he could very well have a truly powerful voice in shaping GOP policies in the immediate years ahead.**

**Wanted to Stop Rockefeller**

At the 1960 Republican convention Senator Goldwater arrived in Chicago not as a candidate but with 30 delegate votes from Arizona and South Carolina. He announced repeatedly that he was supporting Richard M. Nixon. Despite his contentions, the conservative element of the party, through delegates and individuals, clamored for his nomination for the Presidency.

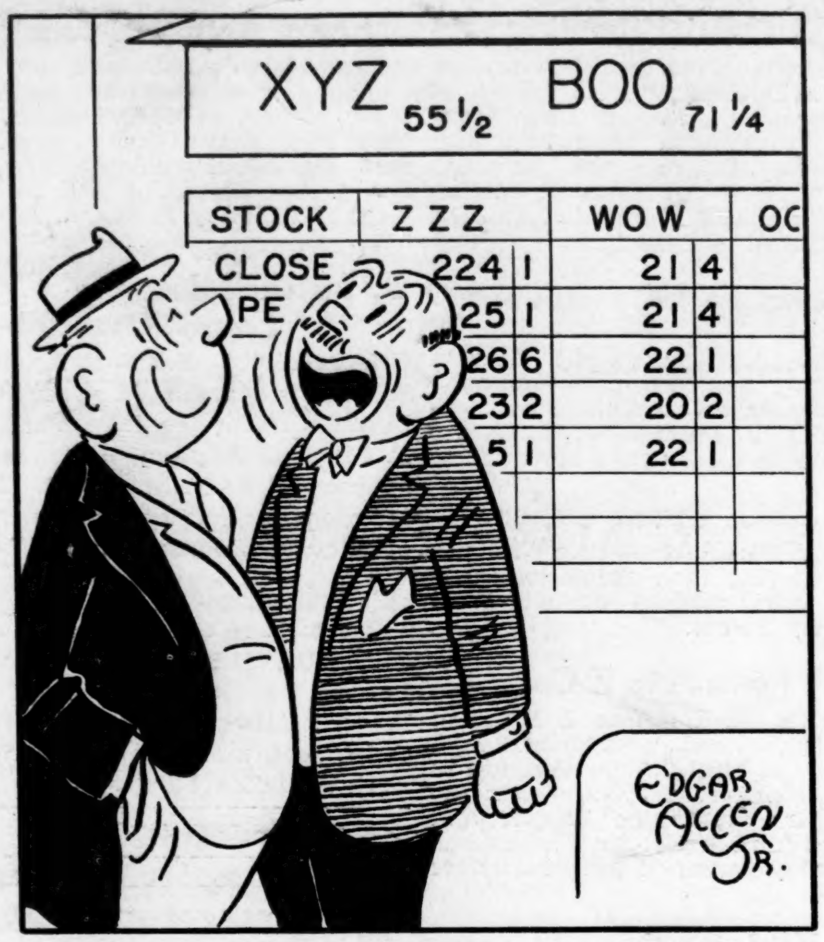
After his nomination, and a series of powerful seconding speeches were made in his behalf, the Arizona Senator stepped to the loudspeaker system and withdrew his name.

**The truth is Senator Goldwater's whole purpose had been to stop Governor Rockefeller. The jut-jawed Westerner, who is a Brigadier General in the Air Force Reserve, told the delegates in withdrawing his name: "We have lost before because the conservatives stayed home at elections. The future of this country is too important for us to stay home because we don't agree."**

Here in the Nation's Capital, qualified political observers are now predicting that Governor Rockefeller will become the spokesman for the liberal forces of the GOP, while Senator Goldwater will be the voice of the conservatives.

Four years is a long time in politics. Three years from now Richard M. Nixon might decide that the best possible way to hold the Elephant Party together and elect a President would be for the party to nominate a candidate who travels neither to the left nor the extreme right. It is possible that the Californian, who lost his first political race on Nov. 8, would want another shot at the Presidency.

*[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]*



"Stop asking how my numbers racket is doing!"

# Businessman's BOOKSHELF

**Appraisal of Executive Performance**—A Bibliography—Selected References, Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 30¢.

**Arizona Climate**—Compilation of climatic data for 91 locations with precipitation records for 19 additional sites—University of Arizona, Institute of Atmospheric Physics, Tucson, Ariz.

**Atomic Industrial Forum, Inc.**—Annual report—Atomic Industrial Forum, 3 East 54th Street, New York 22, N. Y. (paper), on request.

**Arizona: Its People and Resources**—University of Arizona, Tucson, Ariz.—regular edition, $6.50; special library edition, $7.50.

**Consumer Credit Symposium:** Developments in the Law—in current issue of Northwestern University Law Review—Northwestern University Law Review, 357 East Chicago Avenue, Chicago 11, Ill., $1.50.

**Council on Foreign Relations**—Catalogue of publications—Council on Foreign Relations, Inc., 58 East 68th Street, New York 21, N. Y.

**Employment Opportunities in Later Years**—James R. Morris—Foundation for Voluntary Welfare, Box 72, Burlingame, Calif. (paper), $2.50.

**Estate Planning Quick Reference Outline**—William R. Spinney—8th Edition—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill. (paper), $1.50.

**Evolution of British Planning Legislation**—Development of laws controlling land use in England—Beverly J. Pooley—Michigan Legal Publications, 1039 Legal Research Building, Ann Arbor, Mich., $2.

**Highway Statistical and Financial Data**—Committee on Public Affairs of the American Petroleum Institute, 1271 Avenue of the Americas, New York 20, N. Y. (paper).

**How I Helped More Than 10,000 Investors to Profit in Stocks!**—E. George Schaefer—Prentice Hall Inc., Englewood Cliffs, N. J. (cloth), $4.95.

**Model Title Standard**—Review of all existing state title standards and suggested model marketable title act for state legislatures—Lewis M. Simes—Michigan, Legal Publications, 1039 Legal Research Building, Ann Arbor, Mich., $2.

**Report on Public Opinions and Attitudes Regarding Branch Banking in the State of Florida**—First Research Corporation, 186 Southwest 13th Street, Miami, Fla.

**School and Early Employment Experience of Youth:** A Report on Seven Communities—United States Department of Labor, Bulletin No. 1277—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 50¢.

**Scientism and Values** — Helmut Schoeck and James W. Wiggins, Editors—D. Van Nostrand Company, 120 Alexander St., Princeton, N. J. (cloth), $6.50.

**Security Credit:** Its Economic Role and Regulation — Dr. Jules I. Bogen and Dr. Herman E. Krooss—Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $4.95.

**State Tax Collections in 1960**—Bureau of the Census, Washington 25, D. C. (paper), 25¢.

**Vitality in a Business Enterprise**—Frederick R. Kappel—McGraw-Hill Book Company, 330 W. 42nd Street, New York 36, N. Y. (cloth), $4.00.

**Wages in Germany 1871-1945**—Gerhard Bry—Princeton University Press, Princeton, N. J. (cloth), $10.

**Why the New York Metropolitan Area**—Advantages of New York Metropolitan Area for Industrial Growth—New York State Department of Commerce, Albany, N. Y. (paper).

**Year of the Rat:** Epidemic Cynical Selfishness and Our National Troubles — Charles H. Brower (President of Batten, Barton, Durston & Osborn) — Employee Relations, Inc., 32 North Bayles Ave., Port Washington, N. Y.